FBIS DAILY REPORT

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U.S. UN AMBASSADOR CRITICIZED BY DEPUTIES

PY011252 Buenos Aires DYN in Spanish 1817 GMT 29 Dec 85

[Text] Buenos Aires, 29 Dec (DYN) -- Deputies Juan de la Sota (Justicialist), Miguel Monserrat (Intransigent), and Carlos Auyero (Christian Democrat) today repudiated the statement by the U.S. ambassador to the United Nations, General Vernon Walters, about the resurgence of Montonero and Tupamaro guerrillas, and said that the statement "lacks basis and seriousness." The three congressmen also asked the Argentine Government to react more vigorously to Walters' statement that the Montoneros and Tupamaros are receiving assistance from the Sandinist Government of Nicaragua. In statements to a Buenos Aires radio station, the three deputies also referred to former President Arturo Frondizi's statement that guerrilla cells exist in Tucuman, as well as to the position of U.S. President Ronald Reagan on Central America.

Speaking on the Radio Belgrano program "Morning, Afternoon, and Night," De la Sota said that Walters' words "in principle, do not contribute anything to the consolidation of democracy in Argentina, but rather have the opposite effect," because "Vernon Walters did not provide any basis for his assertion that the guerrilla movement is re-emerging in Latin America." The Justicialist deputy added: "The climate of social peace in which we live, looking beyond the pre-election terrorist acts that clouded the process, belies such a statement." He then went on to say that just as a Red International tries to introduce violence as a political weapon in Latin America, there is also a Black International that intends to introduce violence as a method to repress political action; perhaps Walters' statement is in line with the latter." [end quotation mark as received]

He then said that the U.S. officials "are perhaps annoyed by the loans President Alfonsin extended to Nicaragua and Cuba. Their attitude does not square with the relations which, in economic matters, the IMF carries on with the Argentine Government. So, I believe there is a lack of coordination between Ambassador Walters' statement and the statements of the men who manage the U.S. finances and who virtually manage ours as well."

Regarding Frondizi's assertion, De la Sota said: "It has had the logical result of promoting the Tucuman court to ask him to hand over the evidence he has." Referring to Reagan's statement, he said: "It contains profound contradictions regarding relations with Nicaragua, on one hand alleging that Sandinism does not guarantee internal pluralism and pledging support for the contras in defense of that pluralism inherent in democratic regimes; on the other hand, it recognizes that Nicaragua lies within the sphere of security of the United States, which cannot allow an arms race to occur there."

He said that "if the issue is really ideological in nature, and if it actually concerns pluralism, I would like to see the United States trying as hard in the case of Haitian, Paraguayan, and Chilean regimes," because "there is no pluralism in those three countries." However, "if it is only a U.S. security provision, it does not authorize the United States to finance subversion against a sovereign state," he remarked.

Finally, De la Sota criticized Foreign Minister Dante Caputo for not having asked for an explanation of Walters' statement, adding that "no diplomatic action has been taken." He wondered: "Does Minister Caputo believe the statement is unimportant? Perhaps he does not want to attach any significance to it at a time when economic negotiations are being held with the United States."

For his part, Intransigent Deputy Monserrat said that "the statement by the U.S. official is groundless and lacks seriousness." He added that "this is an attempt to create gnosts to justify the U.S. policy of aggression in Central America," and that "it is a procedure to provide grounds for the ill-fated national security doctrine."

Monserrat stated that Walters "is right when he points to the influence of Sandinism in Latin America, although it is not the influence that [words indistinct] with the existence of armed groups in other countries, but the influence of the Nicaraguan people's experience, which has shown the possibility of developing a democratic, independent model in Latin America."

He said: "It obviously has considerable influence because it has set the course that all the peoples of our Latin America will have to follow, sooner or later, to build their own model, to break the bonds of dependence, to fulfill their national objectives, and to give the people a standard of living in line with the possibilities of our continent."

He then said that Reagan has issued a warning and that the United States "is trying to break the solidarity that all Latin American peoples and all Latin American democratic governments must convey to the Nicaraguan people in their struggle to strengthen their self-determination. This solidarity has hindered the plans of imperialism, which has tried to asphyxiate the triumphant Nicaraguan revolution."

Asked about similarities between the statements by Reagan and Walters, he said: "Of course, it is a concerted action that the U.S. Government is carrying out with the help of the sectors that are subordinated to imperialism, which is planning to subdue our peoples and maintain their dependence. Therefore, all these actions are closely related."

In turn, Christian Democratic Deputy Carlos Auyero, who belongs to the Justicialist renewal front, said about the Montoneros that "we know there are some in Argentina, but they are in jail," and that the statement by Walters [word indistinct] is not unique, because the same thing was said not long ago." He added that "it is another attempt to frighten us and force us to readopt the accursed national security doctrine, under which the state would create panic and terror by persecuting Argentines, instead of working for our growth." He said that "in the past decade, there was terrorist violence here which was unfortunately replaced by another type of violence, obviously worse, and perpetrated by the opposite side -- state terrorism, which is worse because of the ethical implications."

He added that "this system of sinister international interests, which seeks to place our culture and our economy under foreign domination, needs repressive mechanisms. It seems that this ambassador is trying to warn us that [words indistinct] repressive mechanisms, because "the Argentine people are determined not only to wipe out the last vestiges of repression but also to move along an independent course of solidarity to achieve our development."

He said: "I believe this statement should be repudiated," because "all nations must take care of their own internal security, through the appropriate organizations. No one can talk to us about subversion because there is no subversion in our country, and if there is any vestige left, it is on the opposite side, contrary to what the U.S. ambassador to the United Nations has said."

Auyero said that "there have been clearly subversive reactions from the extreme right, but there has been no rebirth of leftist subversive activities in Argentina."

Concerning the statement by Reagan, Auyero said that "there may be" links between Sandinism and the Central American guerrillas, although, he noted: "Obviously, I cannot prove that." He pointed out that "a government like the U.S. Government, which has done nothing -- quite to the contrary -- to help U.S. creditor banks lower interest rates burdening Latin American countries, which has embarked on a feverish arms race, and which has done very little or nothing at all to support independent projects and programs for generating wealth in this continent, is now obsessed with an anticommunist campaign, which seems like a crusade by President Reagan." He said "this is closely related to Reagan's support for the contras" and that UNESCO data proves that the Latin American economy grew by only 2.8 percent in 1985, in comparison with last year's growth, which barely reached 3.2 percent.

"With this state of affairs in Latin America," he went on, "we believe the worst thing Reagan can do to fight communism, if he actually wants to do so, is to worry about repression and about the provision of weapons to repressive organizations."

Auyero concluded by saying: "We are Christian Democrats, and we have a different ideology. We believe we have to strive to improve society in Latin America, a sidelined, underdeveloped continent, with different projects, based on liberation and not on repression." Auyero also referred to the characteristics of Christian Democratic Parties in each country, and pointed out that there is no Christian Democratic International but there is "an ideological affinity."

ALSONSIN GRANTS 5-PERCENT WAGE INCREASE

PY011804 Buenos Aires BUENOS AIRES HERALD in English 31 Dec 85 p 1

[Text] (NA-DYN) -- President Raul Alfonsin last night signed the decrees granting an across-the-board five percent wage hike for January and authorizing additional wage hikes of up to five percent for productivity increases. But the government-set increases came as the country's top labour leaders warned that 1986 might mean confrontation and strike action by millions of workers.

Public- and private-sector wages as of June 30, when wage controls took effect, will be increased by five percent in January while the Labour Ministry has been authorized to approve additional, private-sector pay hikes of up to five percent as long as these are matched by increases in productivity. "By no means may these (wage hikes) be carried over the prices of products," the government decrees stated.

The government also set the minimum monthly wage at 70 australs. It had been 67 australs. But the labour movement, which walked out of the "socioeconomic conference" on hearing the government's wage offer, yesterday threatened to fight the government and hinted that a national strike might be around the corner.

CGT Secretary-General Saul Ubaldini, addressing leaders of the 62 Organizations, warned that 1986 will mean "battle" and accused the government of "lacking social sensitivity." Ubaldini was echoed by Lorenzo Miguel, chief of the 62 Organizations which represents the political arm of Peronist unions. "If the demands of the workers are not recognized," the metal workers' chief warned, "there will be a fight.'

Metal Workers' Union (UOM) Treasurer Hugo Curto, considered Miguel's righthand man, told reporters at the luncheon meeting that the 62 would propose a "plan of action" at the January 10 meeting of CGT leaders. The plan might include a 24- or 36-hour national strike, he added.

The 62, in a statement released after the meeting, fired away at the government for "exploiting" workers while meeting "the demands of the International Monetary Fund." Argentina must make the choice, the grouping added, between "Fatherland or colony." The tough stance taken by the 62 Organizations was also voiced by a leading member of the Committee of 25 labour grouping, which has traditionally been at odds with Miguel.

Deputy Roberto Digon yesterday said the tobacco employees' union, which he heads, would support a proposal for a 36-hour national strike and called government economic policy "the continuation" of policies taken by former Economy Minister Jose Martinez de Hoz.

The Cordoba branch of the CGT last week called for 36-hour national strike.

Meanwhile, individual unions continue pressing for wage hikes with scattered protests.

Bus Drivers' Union (UTA) leaders last night met with owners and labour ministry officials to demand a two-austral increase in daily expense allowances, which are now set at 7.36 australs, for long-distance drivers. Progress made at the talks buried warnings that drivers would strike today.

Banco de la Nacion employees are to stage two-hour strikes on Friday, Monday, and Tuesday to demand pay increases and job stability in light of government plans to scale down the financial sector. Banco Sudameris continued their series of "meditation" protests yesterday, staging a three-hour strike to demand wage hikes.

CGT LEADER SEES 1986 AS 'DIFFICULT YEAR'

PY010203 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1032 GMT 31 Dec 85

[Excerpt] Buenos Aires, 31 Dec (NA) -- CGT [General Confederation of Labor] Secretary General Saul Ubaldini has warned about strong future measures, stating that "the defense of the dignity of the workers movement is not negotiable and is the cause behind our struggle." In addition, leaders from various sectors of trade union leaderships have endorsed a proposal to hold a 36-hour nationwide stoppage soon to protest the official socioeconomic policy.

Ubaldini virtually predicted the beginning of a period of confrontation with the government when he made an impromptu speech yesterday before a plenary meeting of the 62 organizations, held at a trade union stadium. The severance of the talks between the CGT and the government resulted from the failure of the socioeconomic conference's efforts to reach an agreement on the wage policy, something which led the government to increase salaries by 5 percent beginning in January.

"We have taken our problem everywhere and echoed everyone's concerns only to find a government lacking in sensibility; we will defend the policy of social justice with our lives," Ubaldini stressed. The CGT leader predicted that "1986 will be a difficult year in which the workers' movement will demonstrate that it will not permit more unemployment or games with the social work."

Ubaldini recalled that in 1985 "the workers movement demonstrated in glorious moments the meaning of national values and now has no other choice but to defend its dignity. We have chosen the democratic way, and this calls for the fulfillment of three conditions: unity, solidarity, and organization because the priority task is to achieve the justicialist movement's unity," Ubaldini added.

PAZ ESTENSSORO DELIVERS NEW YEAR'S MESSAGE

PY010244 Paris AFP in Spanish 2338 GMT 31 Dec 85

[Text] La Paz, 31 Dec (AFP) -- President Victor Paz Estenssoro delivered his New Year's message today saying that 1986 offers better prospects despite the difficult conditions the Bolivian people are going through. He added: We have faith in what we do because our aspirations and objectives come from deep within our soul and reflect the country's situation at this time in its history. The president admitted the possibility that the measures implemented by his government to address the dramatic economic situation of the country may have affected his popularity, but said that the most important thing is to resolve the crisis. He said: This is why this message is not the traditional New Year's greeting because a happy message would be inappropriate in light of the serious problems affecting the country. We are going through very difficult times, but if you all support me in my actions our hopes will become concrete facts. He asked all social levels for their conscious support to revert bankruptcy, overcome social unrest, prevent the spread of misery, and straighten out the course of the nation.

He stated that he will defeat the hyperinflation that has been obstructing productive work and undermining the material and moral bases of our national organization. He said that the country has not yet emerged from the hyperinflation tunnel but that the light can already be seen at the other end, as reflected by some indicators such as the monetary issuance growth rate which from January to August 1985 stood at 2,370 percent and from September to December 1985 (after he became president) dropped to 134 percent. He explained that the previous government left $13 million in monetary reserves but that the current reserves are $161 million. He added that $146 million obtained from export revenues was used to pay pending obligations with international lending organizations and other creditors. He said: This shows that we are slowly moving on the right path to prevent a disaster that seemed imminent.

Regarding exports, he said that the hard blow dealt to Bolivia by the collapse of the tin market will force the government to replace the loss of those resources in hard currency with other products and mine deposits not yet exploited. Paz Estenssoro concluded by stating that he will respect legitimate union activity but that he will not let unions take over government functions through pressure from the masses or requests that may worsen the crisis the government is trying to overcome.

PRESIDENT FAVORS NEW MINING ALTERNATIVES

PY310259 La Paz PRESENCIA in Spanish 21 Dec 85 p 1

[Text] President Victor Paz Estenssoro has exhorted mineworkers, businessmen and experts to undertake "a bold challenge" and seek new mining veins "since the age of tin exploitation has ended." The president made this statement yesterday at noon during a ceremony in which the government decorated the most outstanding workers, experts, and businessmen of 1985. He said: "The man who works in the mines is distinguished not only by his muscles but also by his toughness, courage, and, above all, by his spirit. I would not comply with my duty as ruler if I did not speak with sincerity to the underground workers: The age of tin mining has ended for our country. From now on, only a few very rich mines will be able to be exploited, because when the London market reopens, the international price of tin will not reach the same level it had before closing. This is a painful truth we must face. We must not close our eyes to it."

The president said he favors seeking "deep-rooted solutions" and asked the men involved in the mining industry to undertake a "bold challenge."

"This is a challenge to be faced by all of us. We must exercise our full will and our imagination to pass into a new mining exploitation phase, which will certainly be no longer that of tin exploitation in the mountain mines." He said that mining should be extended "not only to other metals but to other zones where they can be produced at lower costs. This is the real and hard reality which we must face, and the sooner the better."

President Paz also referred to the situation in the Mining Corporation of Bolivia [Comibol] which produces tin at $6 to $8 an ounce. "It would be suicidal to produce tin at this cost, when its current price is surely at $3.5 to $4. We should use modern methods to detect new mining areas, such as for example alluvial tin deposits which exist in the Beni and Pando region. We must plan boldly, we must seek solutions to make an easier transition from the tin cycle," he insisted.

The president said he is optimistic regarding the work that can be done to diversify the mining industry. As an example he mentioned the time when Bolivia had to turn over from the age of silver to the age of tin. Finally, Paz Estenssoro said: "This is a solution which we must seek together among businessmen, workers, and the state."

Minister Explains

PY301314 Paris AFP in Spanish 0130 GMT 28 Dec 85

[Text] La Paz, 27 Dec (AFP) -- Mining and Metallurgy Minister Sinforoso Cabrera today stated in La Paz that the Bolivian Government will not shut down the tin mines, despite the international tin crisis, but will reduce the number of personnel in the nationalized mining districts. The dismissal of workers will reduce the expenditures involved in maintaining workers in nearly exhausted tin mines, Cabrera added. The minister explained that President Victor Paz Estenssoro did not say that the tin era in Bolivia has ended, as published by local newspapers, but meant to say that it is not possible to continue mining tin from costly mines. Therefore, it is appropriate to promote the mining of alluvial (surface) deposits and gradually give up lode tin mining in the mountains.

FINANCE, LABOR MINISTERS ON CURRENT SITUATION

Gisbert on Deficit

PY280051 La Paz PRESENCIA in Spanish 21 Dec 85 p 1

[Excerpts] Finance Minister Roberto Gisbert revealed yesterday that the 1985 fiscal deficit amounts to nearly 450 billion Bolivian pesos, which represent 15 percent of the gross domestic product. Asked about the annual inflation rate for 1985, Minister Gisbert replied that its evaluation involves "very delicate calculations," but said that it should stand at 6,900 percent. The finance minister also revealed that net reserves at the Central Bank amount to $146.5 million in dollar bills, $173 million in other foreign currencies, $38.1 million in gold, and 8.1 [denomination not given] in unspecified type of reserves. He added that the government expects to collect $30 million through the domestic compulsory loan that has just been instituted, and said that this sum will go into the National Emergency Fund that is intended to pay for workers' relocation program and other needs.

Costas, Further Gisbert Remarks

PY311644 Paris AFP in Spanish 2321 GMT 30 Dec 85

[Text] La Paz, 30 Dec (AFP) -- While reviewing the first 5 months of the government of Victor Paz Estenssoro, Labor and Labor Development Minister Walter Costas today stated in La Paz that in Bolivia we have managed to stabilize the economic situation by facing a crisis that was leading the country to total collapse. The labor minister stated that the executive branch has always sought dialogue to overcome the difficult economic and financial situation, leaving aside obscure ideological trends, thus permitting us to stop hyperinflation. Costas said that next year an administrative streamlining will take place, protecting the citizens by establishing the National Labor Fund to train and distribute manpower adequately, and the Social Bank for loans and assistance.

In turn, Finance Minister Roberto Gisbert has stated that the government will relocate -- dismiss and move to other work -- 15,000 teachers and 2,000 public servants in compliance with the new economic policy approved on 29 August. Gisbert added that the government has the necessary funds to meet its obligations to indemnify the 17,000 people who will be relocated.

MINISTER BEDREGAL ON COMPULSORY LOAN, BAKER PLAN

PY011403 La Paz PRESENCIA in Spanish 21 Dec 85 p 1

[Text] Planning and Coordination Minister Guillermo Bedregal has announced that the government will carry out strict control to make sure that all citizens comply with the decree establishing the "compulsory loan." He said: "If we have any property, we must pay. For example, I have a house and a car, therefore I must pay. No one will elude this loan."

According to the minister, the people have reached such a high level of maturity that the government can firmly enforce the decisions it adopts within the framework of the law. From this point of view, we will be extremely severe and serious, which does not mean that we will be inflexible with the workers' movement.

When a newsman said that "this measure might discourage investments," the minister answered: "One thing has nothing to do with the other. This is simply a loan prompted by a very difficult situation, a loan that will be reimbursed in a year. It is more important for the gesture it represents than for its volume (we believe we will collect between $30 and $40 million)."

Replying to other questions, Bedregal commented favorably on the agreement signed between the United States and Bolivia to guarantee U.S. investments in the country. He said this agreement will stimulate investments. "No investments will be made immediately, but during the next year we will have important news." As an example, he said negotiations are under way with the Tesoro Occidental and Shell oil companies to expand their operations in our country.

Another topic discussed by the planning and coordination minister was the Baker Plan, which is a special U.S. effort to help the most indebted countries in the region. He said that $20 billion is "not enough" to obtain an immediate recovery in the region, but that negotiations should be started to reach agreements that may benefit the debtor countries, including Bolivia.

CEDEX DIRECTOR COMMENTS ON FOREIGN DEBT

PY012118 Paris AFP in Spanish 1616 GMT 1 Jan 86

[Text] La Paz, 1 Jan (AFP) -- It was officially reported here today that Bolivia will have to use approximately 60 percent of its export income to pay the interest accrued on its foreign debt in 1985 and 1986. Adolfo Linares Arraya, director of the special foreign debt committee (CEDEX), said that the Bolivian gross national product dropped 17 percent between 1981 and 1984. He pointed out that Bolivian exports dropped 20 percent during the same period. This information has already been submitted to the committee of Bolivia's creditor banks. Linares concluded by saying that this situation has been further aggravated by the fact that the Bolivian tin export income has dropped 50 percent because of the international market price slump.

NEW ARMED FORCES COMMAND; BRANCH HEADS NAMED

PY241614 La Paz PRESENCIA in Spanish 19 Dec 85 p 1

[Excerpt] The new chief of staff as well as the head of each branch of the Armed Forces will be installed in the next few hours. Military sources have reported that they will be: chief of staff of the Armed Forces command, General Gonzalo Saavedra; chief of staff of the Air Force, General Guillermo Escobar Urhy; and chief of staff of the Navy, Rear Admiral Douglas Estramadoiro. [La Paz EL DIARIO in Spanish on 20 December 1985 on p 5 reported that the new Army Commander General Jose Velez will appoint his chief of staff in the next few hours]

More on New Appointments

PY012050 Madrid EFE in Spanish 1600 GMT 1 Jan 86

[Text] La Paz, 1 Jan (EFE) -- The top military command has ordered the total renewal of the military hierarchy in accordance with the general posting law which was approved yesterday by the Armed Forces commander in chief and President Victor Paz Estenssoro. Armed Forces Commander in Chief General Raul Lopez Leyton said that the changes are being made within military regulations.

The new postings include the following changes in the Army: Commander in Chief, General Guillermo Velez Salmon; Chief of Staff, General Simon Subieta; Inspector General, General Mario Oxa Bustos; First Division, General Macario Beltran; Second Division (Oruro), Colonel Jorge Salazar; Third Division (Villamontes), Colonel Edgar Balderrama; Fourth Division (Camiri), to be appointed; Fifth Division (Robore), Colonel Carlos Estrada; Sixth Division (Trinidad), Colonel Yamil Taja; Seventh Division (Cochabamba), General Hermes Fellman; Eighth Division (Santa Cruz), General Jorge Moreira; Tenth Division (Tupiza), Colonel Augusto Noya.

The following generals moved to active reserve: Celso Torrelio Vila (former Bolivian president); Simon Sejas Tordoya (former Armed Forces commander); Lucio Alvez Rivera; Elias Gutierrez; Raul Ramallo; Abel Martinez; Iver Antelo; Ramiro Terrazas, and Oscar Flores.

The new postings of the Air Force and Navy are still not known.

PLO REPRESENTATIVE REVEALS COOPERATION PLANS

PY311630 La Paz Cadena Panamericana in Spanish 1130 GMT 30 Dec 85

[Excerpts] The PLO will establish contacts between our government and the Arab countries in order to enhance cooperation with Bolivia, PLO representative Engineer Jorge Salamah has told Radio Panamericana. He also said that in no way does the PLO approve of terrorist attacks that occur outside the area of Palestine, where the Palestinians are fighting to recover their country. Regarding PLO cooperation, Salamah said that contacts will be established between Bolivia and the Arab countries.

[Begin Salamah recording] Yes, we have the intention and will to help and cooperate with Bolivia within our limitations and possibilities. We wish to broaden and strengthen relations with the Arab world, from where spontaneous economic cooperation is already coming. Actually, there have already been meetings with Bolivian Planning Minister Guillermo Bedregal in which the possibility of cooperation has been discussed. The PLO is studying this possibility and undertaking some negotiations with the Arab world to aid Bolivia in its current crisis. [end recording]

Finally, Salamah said that the protocol, which better defines bilateral relations, has not yet been signed.

[Begin recording] We have good relations with the current foreign minister himself. However, there is nothing formal yet, that is, there is no signed protocol defining bilateral relations.

[Reporter] Is it possible a PLO embassy will be established in Bolivia?

[Salamah] Why not?

[Reporter] Could that happen in 1986?

[Salamah] Considering the Bolivian Government's good will, the Bolivian people's friendliness, and the great support shown by large sectors of the country, we might say that it is possible. [end recording]

These were comments by PLO representative Engineer Jorge Salamah.

PLO COMMUNIQUE CONDEMNS TERRORIST ATTACKS

PY311635 La Paz Cadena Panamericana in Spanish 1130 GMT 31 Dec 85

[Text] The PLO representation in La Paz has delivered the following message to Radio Panamericana, protesting the terrorist attacks at two European international airports that caused the death of many innocent victims. The communique says: The PLO condemns the criminal attacks against the airports of Rome and Vienna that caused the death of many innocent people and wounded dozens of others. The PLO also rejects the terrorist aggression against the PLO office in Nicosia, Cyprus, and against its PLO representative. The PLO attitude of rejecting these attacks in based on its policy announced and confirmed in the Cairo Declaration. The PLO, likewise, considers that it is obviously necessary to denounce the responsibility of those who support these terrorist actions and encourage terrorists to undertake this sort of action, that is, those who train, arm, and finance them.

This was the PLO communique delivered to Radio Panamericana by the official PLO representation in La Paz.

WEAPONS NEGOTIATIONS WITH LIBYA TO BE RESUMED

PY011625 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Dec 85 p 2

[Excerpt] Brasilia and Tripoli will resume negotiations of contracts worth $300 million to buy war materiel. The negotiations will resume after nearly a 3-year interruption caused by the detention in Recife and Manaus of four Libyan airplanes that were transporting weapons to Nicaragua.

Abdulatif Khalifa Buker, secretary general of the Libyan Embassy in Brasilia, will arrive to Sao Jose dos Campos on 5 January to begin preparations for the visit of an official delegation from Tripoli. This delegation will arrive in Brazil in March to purchase weapons. Actually, the Libyans will negotiate contracts that were practically settled when the Brazilian Government seized the airplanes in Manaus and Recife during the first half of 1983. The airplanes were released only after intense negotiations.

After Iraq, Libya is Brazil's best weapons customer, and it may become the best customer next year if the renegotiated contracts are signed. These contracts include Tucano and Bandeirantes airplanes manufactured by the Brazilian Aeronautics Company [Embraer], which will provide new tanks with caterpillar tracks, and the Brazilian Airspace Industry [Avibras], which will provide bombs, rockets, and integrated defense systems [sistemas integrados de defensa]. The contract envisages a delivery period ranging from 2 to 6 years, once it is signed. The payments will be made over a similar period and will be mostly in cash.

Despite the seizing of the airplanes, Libya continued receiving Brazilian war equipment over the last 3 years because of a $250-million contract signed in 1981 with Brazilian war materiel companies. Libya bought armored vehicles from Engesa; rockets, bombs, and launchers from Avibras; and personal equipment manufactured by the Ordnance Industry [IMBEL]. These purchases have already been delivered and the payments did not fall due. On the contrary most of the payments were made in cash.

NAVY TO BUY BOATS TO BOLSTER MARITIME PATROLS

PY271750 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Dec 85 p 4

[Text] Brasilia -- The federal government in 1986 will transfer an extra-budgetary allocation of approximately $30 million to the Navy in "royalties" [preceding word in English] paid for the oil extracted from the Brazilian continental shelf. The royalties amount to 1 percent of the oil extracted throughout Brazilian territory. States and districts will also receive oil royalties.

Navy Minister Admiral Henrique Saboia, 60, and his staff have already decided what to do with the royalties, which will add up to the estimated 10-trillion-cruzeiro budget allocation the Navy will receive in 1986: The Navy will buy two patrol boats. According to Admiral Saboia, the two boats will be used for patrolling Brazilian maritime waters, which will come under tighter control as of February. The minister said the boats will be ordered from Brazilian shipyards to employ idle manpower.

President Jose Sarney, 55, on 27 December will sanction the law, which has already received congressional approval, ordering the federal government to pay the royalties to states with an oil-producing continental shelf. This law, which was previously vetoed by former President Figueiredo, will be signed during a ceremony on the Petrobras oil platform in Campos, Rio de Janeiro.

8 AMERICANS, 2 CHILEANS DIE IN ANTARCTIC CRASH

PY011722 Santiago Domestic Service in Spanish 1655 GMT 1 Jan 86

[Excerpts] Ten people died yesterday when a plane crashed while trying to land at the Teniente Marsh Air Force Base on King George Island in the Chilean Antarctic region.

Those killed are Ivan Martinez Diaz, the pilot and manager of Aeropetrel airline, mechanic Armando Soto Sanmartin, and the following U.S. tourists: Ben Callis, Irvin Lambrecht, Wayne Riddle, Tim Lang, James Jaspers, Walter Michael, James Howell, and Paul Cox.

At noon today, the Chilean Air Force dispatched a Hercules plane carrying specialized personnel to the Teniente Marsh Base to investigate the cause of the accident and to airlift the bodies to Punta Arenas.

PINOCHET CALLS FOR UNITY IN NEW YEAR'S MESSAGE

PY010031 Paris AFP in Spanish 1912 GMT 31 Dec 85

[Text] Santiago, 31 Dec (AFP) -- In a New Year's message to the nation, President Augusto Pinochet said tonight that the peace agreement with Argentina to resolve the Beagle Channel conflict was the most relevant event of Chilean foreign policy in 1985. In a speech broadcast on radio and television, Pinochet said that the peace treaty negotiated with the mediation of Pope John Paul II was the nation's most important international event.

Pinochet also emphasized the recent integration talks with Peru as proof of the dedication to peace espoused by the Chilean Government and people.

In a brief reference to the international situation Pinochet said that Soviet communism is struggling to take over the world by unleashing terror among its ideological adversaries.

Regarding the Chilean internal situation, Pinochet said that one of his major objectives is the end to high unemployment levels and called on Chileans to unite around important goals of development, peace, and progress. He said: Let us strengthen the goals uniting us and do away with those dividing us.

GOVERNMENT VIEWS ACHIEVEMENTS, PROSPECTS

PY311252 Santiago Domestic Service in Spanish 2200 GMT 30 Dec 85

[Passages within quotation marks recorded]

[Text] After attending a cabinet meeting presided over by President Augusto Pinochet, Interior Minister Ricardo Garcia said that absolute cohesion prevails within the government team, and it is determined to carry out the scheduled programs. The cabinet session was held following an initial meeting at the Jose Joaquin Prieto Hall in La Moneda Palace. The second meeting was attended by Government Junta members, ministers, under secretaries, and active generals and admirals. Minister Garcia reported on the first meeting:

"A first meeting held in the hall on the (?ground floor) was attended by the ministers, under secretaries, active generals and admirals, and the Government Junta members. The meeting was presided over by His Excellency the President. The objective of the meeting was to report on activities carried out during 1985 and on basic guidelines for the stage that will begin in 1986.

"As all of us know, the end of the year is the right time to evaluate what has been achieved and to review the activities planned for the following year. The accomplishments of 1985 and some guidelines for 1986 were included in three reports read at this morning's meeting."

Minister Garcia said that the ministers of the interior, foreign affiars, and finance read their respective reports during the meeting.

"The first report was read by the interior minister, the second by the foreign minister, and the third by the finance minister. The interior minister referred to the situation prevailing in the country in the different sectors of national life."

As for the foreign minister's report, Ricardo Garcia said the minister referred to our country's relations with Europe, Asia, and Africa. For his part, the finance minister recalled the achievements of our economic development, the projections for 1986, and, particularly, the foreign debt, the manner in which the economy is being handled, and the possibilities for undertaking priority tasks. The minister then stressed a significant fact.

"I would like to stress that this morning's meeting and the cabinet meeting that has just ended both revealed an essential fact: Absolute cohesion prevails within the government team, we are determined to continue the programs we are implementing, and we are clearly aware that even though we can claim many achievements, there is still much to be done, many tasks to be fulfilled, and many objectives to be attained. We are perfectly well aware that we need to achieve what we have proposed on so many occasions, that is, our socioeconomic and institutional development.

"In the stage that will begin in 1986, we must achieve several goals for the benefit of our country and the people. These are the great challenges facing the country. We have said many times, and we believe it is necessary and advantageous to reiterate now, that what Chile must do is search for the proper solutions to all the problems the Chilean people are experiencing. We want increased development, more (?manpower), more jobs, higher income levels, and increased international trade to strengthen the Chilean economy. We want to advance in our regionalization efforts, and we want to strengthen national order and security, thus giving us the chance to begin a new stage of development in 1986, consolidating our achievements and, above all, providing the answers that all sectors are awaiting.

"These two meetings clearly reflected the spirit with which we all are working: We want to serve Chile and the Chilean people, beyond any selfish interests, in the pursuit of the development that all of us want."

The minister was asked whether the meeting addressed political guidelines for 1986. In this regard, he gave a precise explanation.

"You know very well that political activities can be regarded from two different viewpoints. There are the major political activities, which are the major national policies with which we are trying to achieve our development and growth. There is also the common type of politics, which consists of all the procedures followed to gain power. In the first case, there are very clear policies for the attainment of our national objectives.

"As for the second type of political activity, we will continue to move forward; we will not stop in our institutional development, in compliance with the previously established stages and deadlines and in moving as quickly and as efficiently as possible."

The minister was also asked whether the people should expect a surprise in the next few days. He gave a very frank answer:

"It is the country that must give a surprise by demonstrating its vast capacity for growth. We have often wondered whether we are actually capable of growing and achieving our development. It is Chile that must give a surprise to the Chilean people and to the world, showing that it has the energy and capacity to attain all of its goals for the growth and well-being of its people."

In conclusion, the minister denied rumors of an alleged cabinet shuffle. He reiterated that absolute cohesion prevails within the government team.

MERINO SAYS 1986 TO BE 'BIT DIFFICULT'

PY311205 Santiago Domestic Service in Spanish 1630 GMT 30 Dec 85

[Excerpts] Navy Commander in Chief Admiral Jose Toribio Merino, who is a member of the Government Junta, has warned that even though 1986 will be a bit difficult from the political viewpoint, the situation will not get out of control. Adm Merino made this comment after a ceremony in which four Navy officers were promoted to rear admiral.

[Begin Merino recording] Even though 1986 will be a bit difficult from the political viewpoint, the situation will not get out of control. To have an accurate idea of what will happen, or what should happen, in 1986 and of the Chilean future, we have to recall that on 11 September 1973, in a recorded proclamation, I said: This is not a coup d'etat. This is a government changeover.

As for 1986, Chile is lucky to have a healthy economy, to have all the necessary credits to meet its obligations, and to be able to invest approximately 30 percent of its gross national product in the productive sector. The government uses this large GNP percentage to create new jobs and, first and foremost, to strengthen the economy. To the extent that we generate wealth and achieve our development, something all Chileans want, we will be on the right course. This is what we are doing. Those of us who are in power do not expect any reward. I do not have anything, except for a house that I bought many years ago. Neither do we want to receive any reward. [end recording]

DEL VALLE DENIES REPORT ON ARGENTINE MEDIATION

PY310208 Santiago Domestic Service in Spanish 2200 GMT 30 Dec 85

[Passages within quotation marks recorded]

[Text] Foreign Minister Jaime del Valle has said that Chile has never asked any foreign government to act as mediator to solve its political problems. He thus denied the reports that our country had asked Argentina to mediate between the government and the opposition.

[Del Valle] "Never, never has Chile asked any foreign government to mediate in this affair. Therefore, this is a false report. Neither can we expect or maintain that the Argentine Government has officially offered to act as a mediator, because that would be an improper attitude."

Del Valle added that it is Chileans who must deal with what happens in Chile and with the terrorist activities in our country. This explanation by the minister refers to statements issued by the Argentine Foreign Ministry, which stated that political problems and terrorist activities may worsen in Chile.

"The report said that the Argentine Government was concerned about the events in Chile and about their possible repercussions in Argentina. I believe that we Chileans must take care of what is happening in Chile and of terrorist activities, just as they are responsible for what happens in their country. I believe that they have to deal with Argentine subversion and terrorist organizations and not with what is happening here. We know perfectly well how to calculate and confront our problems."

The minister said the reports datelined Argentina will in no way affect bilateral relations which, he said, are good. He added that there have never been any misunderstandings with his Argentine counterpart Dante Caputo. Quite to the contrary, the relations have been frank and have remained at an highest level, he remarked.

The minister also reported that the Foreign Ministry's major areas of work for 1986 will be the formulation of a final Antarctic policy, the formulation of a policy for the Pacific area, and the strengthening of multilateral agencies like the OAS and the United Nations.

"I believe the major areas of work will be, first of all, the formulation of a final policy for Antarctic affairs, for which purpose all experts on this subject will be summoned in April, and also for the Pacific area. A comprehensive study will be also conducted to make as much progress as possible in connection with the demarcation of borders with Argentina and Peru. We will also strengthen the action of multilateral agencies, like the OAS and the United Nations, to properly counter, as we did during the last OAS meeting, the attacks that some nations have launched against Chile, particularly regarding its human rights record. The Foreign Ministry will continue to work as intensely as usual."

The minister also stressed that another important area of work is the Bolivian landlocked situation, although first there must be rapprochement between the two countries, he said.

[Santiago Radio Chilena in Spanish 2300 GMT on 30 December adds: "According to other reports, it was the U.S. Government which asked Argentine President Raul Alfonsin to act as mediator, in view of the fact that the U.S. efforts in Santiago have failed. Minister del Valle said that these are mere suppositions, and he does not believe the United States will ask Argentina to mediate because the United States knows us very well."]

GARCIA SAYS JUDICIAL REORGANIZATION NEEDED

PY011343 Lima Radioprogramas del Peru in Spanish 2200 GMT 31 Dec 85

[Text] President Alan Garcia has expressed the need to reorganize the judicial branch. In a speech delivered during the ceremony to commemorate the 50th anniversary of the 22d Civil Guard Command Post, Garcia said that we still do not have a judicial branch capable of effectively helping in the struggle against crime.

WAGNER DISCUSSES U.S. SANCTION POSSIBILITIES

PY011544 Lima Television Peruana in Spanish 0100 GMT 31 Dec 85

[Text] Foreign Minister Allan Wagner Tizon said today that the application of the Hickenlooper Amendment would be both improper and impertinent. Speaking firmly, the foreign minister added that Peru is not intimidated by an eventual application of the Hickenlooper Amendment, whereby all assistance is halted.

[Begin recording] [Wagner] The Peruvian Government rejects all threats that might result from its decisions. At no time during the delicate negotiations conducted with the foreign oil companies have we regarded the possible application of sanctions as a factor to be considered. The Peruvian Government does not act in response to external pressures, but in accordance with the national interests. So I must regret that the ambassador has made that phone call and I say that the call was inappropriate because it was made on the basis of incomplete information. There is no reason to raise the possibility that the amendments can be applied -- amendments which, by the way, do not intimidate us and will not force us to step back. Our decision has been adopted in a sovereign manner and in accordance with the national interests.

[Reporter] What would happen if that amendment is applied? What would be the Peruvian position?

[Wagner] Obviously, Peru would reject the application of that amendment and the sanctions it implies. We would seek a rejection at the international level, because the attitude of imposing sanctions should be a thing of the past. Relations between states must not be based on threat or coercion as stipulated by the UN and the OAS Charters. These relations must be based on international cooperation. [end recording]

Minister Reacts

PY311715 Madrid EFE in Spanish 1446 GMT 31 Dec 85

[Text] Lima, 31 Dec (EFE) -- Agriculture Minister Mario Barturen today said that the U.S. Government's decision to eliminate [as received] Peru's sugar quota will represent a loss of $30 to $40 million in foreign currency for the country during 1986. Washington informed the Foreign Ministry of the reduction in the Peruvian sugar quota 15 days ago, although the decision was taken a year ago. The minister dismissed the possibility that this measure was taken in reaction to the Peruvian intervention of the U.S. Belco Petroleum Corporation, which has been operating on the Peruvian continental shelf, when the two parties failed to reach an agreement regarding the signing of a new contract.

Senator Denounces Sanctions

PY011410 Lima Radioprogramas del Peru in Spanish 2200 GMT 31 Dec 85

[Text] Senator Armando Villanueva del Campo, secretary general of the ruling American Popular Revolutionary Alliance, [APRA] party has charged in Moscow that the United States is threatening to impose economic sanctions on Peru because of the decision by the Peruvian Government to rescind the contract of the U.S. oil company Belco Petroleum. Villanueva said in Moscow that he fully approves of his government's decision to put an end to Belco's contract because the company did not accept the conditions defending Peru's interests.

FISHING CONTRACTS WITH USSR CAUSE CONCERN

PY312210 Lima EL COMERCIO in Spanish 17 Dec 85 p A 3

[Excerpt] Pedro Carranza Lopez, the new chairman of the Peruvian Association of Fishing Boat Owners, said yesterday that because of an elementary principle of sovereignty and according to what is established in our taxation law, taxes should be collected on the volume of fish caught by the Soviet fleet which operates within our 200 maritime miles. He also expressed his total disagreement with the way the fishing contracts with Sovrybflot have been negotiated. These contracts establish that only 8 percent of the catches are left in the country, while 92 percent are taken away. He also disagreed with the intended expansion of said contracts by which 15 percent instead of 8 percent of the catch would be left in Peru. In his opinion these contracts should be made in terms similar to those Sovrybflot itself accepted in its negotiations with the U.S. enterprise Bellingham Cold Storage, which establishes that the Soviet fleet leave 50 percent of all fish caught in the United States.

He also recalled that "half-and-half" contracts have been signed with the Cubans and Poles.

Carranza Lopez said that it is about time that Peru effectively controls the exploitation of its natural resources. To do this, he said, when signing these agreements it should be established that 50 percent of the crew of foreign boats be Peruvians, for two basic reasons: to obtain a better fishing technology and for effective control and supervision. "Otherwise, we will never know whether the Soviet boats really take what is established in the contracts," he said.

Senator Comments

PY312216 Lima EXPRESO in Spanish 19 Dec 85 p 17

[Text] Senator Esteban Ampuero Oyarce stated yesterday that "neither the Soviet fishing fleet nor the enterprise Sovrybflot owe a single cent to the Peruvian treasury in taxes." The senator, who belongs to the American Popular Revolutionary Alliance and is chairman of the commission investigating the fishing contracts, added that it is the intermediary El Pacifico which owes the country $20 million in taxes and 1.5 billion soles for unauthorized collection of export certificates. (Certex).

Ampuero Oyarce, who stood next to Fisheries Minister Jose Palomino Roedel, said that the charge made by former minister Elias Laroza is an attempt to obtain a "political second round" as an answer to his problems in the Guvarte case.

The senator added that on no occasion did the Soviet fishing fleet have a direct contract with the Peruvian Government. The contract was with the El Pacifico and the latter's with the Public Enterprise for Fishing Services (EPSEP). He also pointed out that the principal shareholder of the El Pacifico is a Chilean who, like the other executives, will have to pay for this fraud "and answer in court for his actions."

Concerning this issue, Palomino said that he had thoroughly examined the fishing contracts with the USSR and had not found any clauses related to taxes." [quotation mark as published] At any rate, the opinion of the General Taxation Directorate should be heard, Palomino said, "clearing any doubts on this issue."

Palomino also said that the signing of a fishing agreement with the Cuban Government on technical cooperation is imminent. Our government's goal is to lower fish prices as much as possible and put fish on the tables in the best possible conditions, Palomino added, stating that talks are also being held with Argentina, the USSR, and other countries.

After reasserting that the EPSEP will sign a direct contract with Sovrybflot to secure 15 percent of the total catch (besides an authorization for 60,000 tons, which was not used during the past government). Minister Palomino said that Peru will have its own fishing fleet.

Catches May be Taxed

PY301545 Lima Radioprogramas del Peru in Spanish 0000 GMT 30 Dec 85

[Excerpt] Before traveling to Havana, Fisheries Minister Jose Palomino Roedel said that negotiations between his ministry and the Soviet Sovrybflot enterprise are continuing on the payment of taxes. Minister Palomino said that minimum fishing quotas will be determined in order to prevent excessive anchovy catches, and he asked private operators to be sensible and respect regulations. The minister also revealed that fishing negotiations with the Soviet Union are at a standstill until the Internal Revenue Directorate determines if nonresident foreign enterprises are subject to the payment of taxes.

MINISTER DISCUSSES BUILDING OF MILITARY VEHICLES

PY011348 Lima Radioprogramas del Peru in Spanish 2200 GMT 31 Dec 85

[Text] Navy Minister Admiral Julio Pacheco Concha has revealed that the Maritime Industrial Service (SIMA] is able to build tanks and tactical military vehicles. He added that in order to build them, appropriate financing resources are needed. Pacheco Concha said he favors the possibility of obtaining a domestic financing source in soles to allow the SIMA to manufacture many things that are necessary for the Armed Forces. He said this is an important objective to save Peru from spending foreign currency and to likewise protect Peruvian industry by providing work for many Peruvian experts and workers.

On another subject, Pacheco Concha said he is satisfied with the work done in the first 150 days of his administration because he has worked at the pace required by the country and because he is aware that by uniting our wills, it will be possible to overcome our current economic crisis in a short time.

NEW ARMY COMMANDER, CHIEF OF STAFF INSTALLED

PY312359 Paris AFP in Spanish 2302 GMT 31 Dec 85

[Text] Lima, 31 Dec (AFP) -- General Guillermo Monzon Arrunategui was today sworn in as commander of the Army, replacing General German Ruiz Figueroa, who retired. The swearing in ceremony was presided over by War Minister General Jorge Flores Torres at the War Ministry.

Gen Monzon, who was born in Piura in December 1928, was the Army chief of staff until today. General Victor Gil Astete, a specialist in military engineering born in Cusco in May 1931, will be the new Army chief of staff. Gen Gil, who was the Army inspector general until today, will be replaced by General Enrique Lopez Albujar, a 55-year-old specialist in armored units who was born in Chiclayo, in the northern part of the country.

SHINING PATH KILLS AYACUCHO DISTRICT MAYOR-ELECT

PY311308 Madrid EFE in Spanish 0134 GMT 31 Dec 85

[Text] Lima, 30 Dec (EFE) -- It has been reported in Lima today that the mayor-elect of a district in the dapartment of Ayacucho, a member of the ruling APRA [American Popular Revolutionary Alliance] party, has been killed by presumed members of the terrorist Shining Path group. The victim was Marcelo Torres Martinez, who won the supplementary municipal elections in November 1985 in San Pedro de Huaylla, 150 km south of the city of Ayacucho, the capital of Ayacucho Department. The murder was reported by travelers coming from San Pedro de Huaylla but has not been officially confirmed. Another APRA mayor was killed in the town of Chilcayoc in early December.

Meanwhile, Interior Minister Abel Salinas announced in Lima today that nearly 8,000 policemen and 300 vehicles will patrol the streets of the Peruvian capital during the New Year's Eve celebrations in order to give protection and security to the people. A car bomb exploded in a parking lot at Jorge Chavez Airport in Lima a week ago -- 2 days before Christmas -- injuring three people and destroying a dozen cars. In the early morning hours of that day, 14 bomb attacks were perpetrated throughout Lima.

Ayacucho Blackout

PY012103 Madrid EFE in Spanish 2009 GMT 1 Jan 86

[Text] Ayacucho, 1 Jan (EFE) -- An attack that has been attributed to the Shining Path subversive group last night blacked out the city of Ayacucho for 1 hour. It was learned today that the power outage took place after three pylons were knocked down in an area known as Luricocha. Two electric power generators are now supplying power to Ayacucho. The technicians who went to Luricocha by helicopter said upon returning that 3 to 4 days will be needed to repair the pylons.

Meanwhile, the body of Huamanga university student Zozimo Zenon Carrasco was found last night. A dynamite stick had been glued to the student's body, which had three bullet wounds.

PRESIDENT SANGUINETTI DELIVERS NEW YEAR'S MESSAGE

PY010044 Paris AFP in Spanish 2230 GMT 31 Dec 85

[Text] Montevideo, 31 Dec (AFP) -- President Julio Maria Sanguinetti said tonight in his New Year's message that the majority of Uruguayan people are convinced that the country has a future to be based on work and common effort.

The president who delivered his message over radio and television, conveyed to the Uruguayan people his recognition, pride, and gratitude for their attitude toward the new democracy which was installed on 1 March 1985.

Sanguinetti said that the best way to improve the standard of living is through work, and warned that this is the time for common efforts, not dispute.

Sanguinetti pointed out that the people's attitude permitted the creation of an environment that had not been experienced for many years. He added that time will show 1985 as the year of democracy, coexistence, and the revival of the old Uruguayan lifestyle.

The president also recongized that there were problems during the first 9 months of his administration, but he also pointed out that progress was made in this short time.

The president said: Thanks to the wisdom of the people I have the privilege that other presidents do not have, that of living a life similar to any other citizen. He added: This has been a miracle, a collective miracle that will come into focus in the coming years.

In conclusion, and before wishing the people a happy New Year Sanguinetti asked his people to forgive him if he had not been fair in some way and assured them that he tried to be the first to fulfill his duties.

VICE PRESIDENT TO ATTEND GUATEMALAN INAUGURAL

PY012111 Madrid EFE in Spanish 1353 GMT 1 Jan 86

[Text] Montevideo, 31 Dec (EFE) -- It has been officially reported that Vice President Enrique Tarigc will travel to Guatemala to represent Uruguay at the presidential inauguration of Vinicio Cerezo on 14 January.

President Julio Maria Sanguinetti himself made the appointment and also authorized Tarigo's tour of other Central American countries.

The vice president will also make official visits to Costa Rica and the Dominican Republic where he will improve political, economic, and cultural relations with these countries.

At the end of January Tarigo will make another official visit abroad, visiting Israel at the invitation of the Israeli authorities.

PRESIDENT LUSINCHI DELIVERS NEW YEAR'S ADDRESS

PA011609 Caracas Television Service in Spanish 1509 GMT 31 Dec 85

[Speech by President Jaime Lusinchi from the Miraflores Palace in Caracas -- live]

[Text] Ladies and gentlemen, Venezuelan people:

It has become a tradition to use these last days of December to meditate and examine one's conscience to evaluate personal achievements or failures, and naturally to set goals. December is a time for looking at ourselves, a necessary pause in our journey, and also a pause that brings us together and makes us feel, above any differences, citizens of the same land and of the same homeland. Even in countries besieged by violence and conflict, December generally brings some hours of peace. In sum, December imposes, especially on men, a clear conscience. It is a time of goodwill, with lessons that encourage us, invite us to rectify, or inspire us to pursue our goals.

We have made a similar statement on previous occasions. Today, 31 December 1985, as president of all Venezuelans and as a Venezuelan citizen who is particularly sensitive to our problems. and who is firmly committed to confront them and solve them, I would like to make an analysis as head of state, and as president of a country that step-by-step has been reaffirming and consolidating the values of liberty and democratic pluralism, and reaffirming the conviction that there is no better road or system than the one we have chosen. Also, there are very few countries as generous as ours, which therefore deserves all the possible efforts of this and future generations in order to dignify it and make it more inclined to a balanced enjoyment by all Venezuelans and by those who come here, for work, for recreation, and creation.

The year 1985 was not free from the risks, contradictions, and conflicts that have prevailed in the international scene. However, we must admit that in one way or the other tension has been reduced in the world, perhaps under the influence of commemorating the UN 40th anniversary, and in response to persistent goodwill effort and the peoples' call for peace.

I appeared before the UN General Assembly to reaffirm our faith in and our solidarity for the organization. Effective tomorrow our country will be a member of the Security Council, the organ with the highest responsibility for maintaining peace. We assume this high mission determined to contribute to solving the complex matters aired there-in. We will work in favor of world peace, for the peaceful solution of conflicts, for dialogue, for the final eradication of colonialism and racial discrimination. We will struggle against the demented and absurd plague of terrorism, which so badly harms the relations between states and peoples.

On the hemispheric level, significant progress was made to give the OAS a new course. Venezuela actively participated in the arduous debates, trying at all times to conciliate the national interests with the need to strengthen and modernize that regional organization.

We conducted intensive diplomatic efforts throughout 1985. We began the year with a visit to our country from His Holiness John Paul II. It was indeed a historic visit, which greatly influenced our people. Heads of state and governments, ministers, and delegations from various regions visited our country promoting rapport and cooperation, which brings solid perspectives for trade.

We resolutely and persistently continued our efforts within the Contadora Group to seek peace and conciliation in Central America.

At the meeting of the Latin American Economic System's Permanent Council, we clearly expressed our views regarding the economic crisis in Latin America, and we have coherently participated in the Cartagena Consensus, which joins our countries together to face the complex problems of the foreign debt and world trade.

Our relations with the Caribbean countries are a basic part of our foreign policy. At the Caribbean conference held in Florida I defined Venezuela's stance before the regional problems and their implications.

As I said, 1985 was an active year in foreign policy, an area in which we always act with moderation, goodwill, and the spirit of solidarity that characterize Venezuela's traditional conduct in the international field.

To stop for a moment to consider Venezuela's immense possibilities is in my opinion a basic element of this end-of-year meditation. We must admit that through them we seek to clear the path and strengthen our hopes, naturally aware that the perspectives cannot and should not be mistaken for an illusion, and that today, as never before, we need to be rational in our definitions, goals, and hopes.

We are relatively few inhabitants in a prodigal country and land, and the current challenges and problems can all be overcome with order, balance, and concerted actions, and through planning and everyday common efforts.

We are facing a time of profound rectifications, which range from preventing the state's uncontrolled spending to the conduct of a few citizens who mistakenly thought that Venezuela's prodigality authorized them to trod the world as wealthy men without any homeland or social responsibility. This phase of rectifications binds us and brings us closer to Venezuela, and opportunely invites us to rediscover it. Those who once or due to some consideration considered other countries more apt for business or speculation will gradually become fundamentally persuaded of the vital commitment they have to our country, and will realize that their roots are here and that their children will only have the land they deserve to the extent they contribute with all of their efforts, legitimate aspirations, and resources for Venezuela's consolidation, development, and well-being. This period of rectification has been full of tremendous difficulties, which we could not evade. The Venezuelan people have assimilated them and, I must add, have endured them. Without this courageous spirit by the Venezuelan people, without their moral reserves, and without their spirit of understanding and intellectual resources perhaps our efforts would have been in vain or simply would have fallen in a vacuum of criticisms.

As president of the Republic, sensitized each day by the problems of the common Venezuelan citizen, and aware of my commitment by conviction and principle, I once again confess my admiration and respect for our people. Our people have faced great challenges and have always untied their historical knots by themselves. This has been a continuous process that makes us feel proud of ourselves.

We have been bent on reorganizing our economy externally and internally, and on establishing the rules of the game clearly and without anachronistic impositions so that both the government and private sector can harmonize efforts and carry out their projects in a suitable and positive atmosphere. We have been bent on making the relations between the state, capital, and work -- the last two represented by their institutional organizations -- factors with the same purpose: creating development and well-being.

As for the offer-commitment of laying the foundations for a suitable and positive atmosphere by reorganizing our economy both domestically and abroad, renegotiating our foreign debt, becoming up to date on the government bills and establishing clear and stable norms, we have covered a lot of ground.

However, there are still a few who demand a higher degree of trustworthiness. Perhaps they are using a magic word to hide their own inhibitions or selfish desires, or as a synonym to seek the return to state paternalism, a practice that reality and conviction have made obsolete. Still others who have fought state paternalism seem to be nostalgic for a spendthrift, irresponsible government. Without bitterness I must say that some are still nostalgic for the previous liberal states that granted credits without knowing their purpose or destination, although some of them -- and this we all know -- were sent abroad. Those days will not return.

I must say, however, that confidence is earned by one's complementary and coincidental actions. The government has an important responsibility that it has never and will never try to avoid. In this sense, we will act without hesitation. The readjustment and reorganization efforts conducted thus far have had significant repercussions for Venezuelans. It is generally said that sacrifices are necessary in order to have a better future. I would prefer to use a different approach. This reorganization program constitutes the country's investments and is aimed at obtaining greater, more solid, and permanent profits in the medium-term. This realistic concept is the most feasible and socially acceptable.

In the past, Venezuela faced difficult times, which could not be compensated with healthy prospects. Today, we have reasons to be quite optimistic. In making a superficial analysis of our policies, we observe that during the last 3 months of 1985 and for the first time in the past 7 years the downward trend in our internal nonpetroleum production stopped. Consequently, the unemployment rate has dropped in relation to the first 6 months of 1985 and 1984. It is not my intention to invoke premature achievements, but I must stress tne positive signs because the expansionistic policies we plan to implement will result in open and definitely favorable trends for 1986.

Although the results obtained in 1985 do not yet show that our economy has entered a phase of frank overall growth, they do reflect a consistent change in trend. In realistic terms, the gross national product of the domestic activities remained at the same level as last year. However, it showed positive signs during the last 3 months. Furthermore, its factors show positive structural variations with a 7 percent increase in agricultural production, and a 3 percent increase in industrial production. This reflects significant growth in these two important productive activities, thereby generating more stable, dependable jobs.

For the second year in a row our external accounts showed highly positive results. The balance of payments' current account shows a $3.9 billion surplus, and the balance of payments reflects a $1.6 billion surplus after making our foreign debt payments in a timely, responsible, and proper manner. At the end of 1985 the level of our international reserves totals $13.7 billion, which will yield a positive balance even after paying the initial quota of $750 million called for in the agreements restructuring our public foreign debt. Very few countries in the world have such a solid position regarding their foreign debts. This gives us a guarantee to face the contingencies that we will surely have, some of which will be transitory and most of which will occur in the short term. We also obtained positive results in the field of taxes. These have allowed the maintenance of a healthy and favorable balance.

One of the outstanding achievements of our administration has been control over the mushrooming inflation rates that are gravely harming almost all the Latin American economies. In Venezuela the price index for 1985 was 6 percent, while the inflation rate was 12 percent. This data was provided by the Central Bank of Venezuela. These indicators mark a significant economic achievement in 1986.

Oil, which for many years has been and continues to be the backbone of our economy, is still a basic concern for all.

The government is strengthening the oil industry in all of its manifestations, and is closely following the fluctuations in a market that is temporarily unstable in order to, in a timely manner, adopt those measures that will be in our best national interest. We are prepared to do this. OPEC continues to prevail and it will become stronger in view of the challenges posed by international mercantilist egotism. Once again it is headed by a Venezuelan -- Arturo Hernandez Grisanti. This is highly symbolic because Venezuela, a founder of OPEC, has always been one of its staunchest supporters.

We must acknowledge that certain economic sectors have not been revitalized. This obviously restricts the expansion of employment rates to higher levels like those the productive apparatus will generate after it reaches its full production levels. Unemployment and price adjustments have caused a drop in Venezuelans' real income, which has fallen steadily over the past few years. This is a problem that requires our full attention. That is why the government's economic policy will be geared -- in a second stage -- toward the decisive handling of these complex and worrisome problems.

As you know, we saw the need to adopt decisions that some interpreted lightly as biased and advantageous for the private enterprise sector. However, these decisions responded to the need for an overall reactivation of the productive apparatus, which the crisis had seriously affected. With the reactivation of private enterprise, new jobs were created as well as conditions that favored all sectors. This is a fact and this was the government's aim when it adopted the following measures:

1. Placement of the dollar exchange rate at 4.30 bolivares for transactions for payment of the private foreign debt that was on record. This implied a substantial transfer of funds into the private sector that many could have claimed was unjustifiable, as risks in the foreign exchange rates are implicit in business activities.

2. The gradual transfer of more than 1,000 items to the new dollar exchange of 7.50 bolivares to the dollar to prevent pressure on prices from being too acute.

3. The strengthening of the state's credit mechanisms and of other investment incentives, as well as an adequate availability of working capital at a time when the traditional mechanisms of the private banking industry were not working with the necessary flexibility.

4. The payment of old debts to the private sector. This sought to ease the financial pressure many firms were experiencing and to contribute to the improvement of their economic perspectives.

5. The acceptance of price increases that resulted from higher costs mainly derived from the effect of the devaluation of the bolivar, aware that said increases mostly affect the lower-income groups.

The organized workers were responsive to these policies even though the heaviest burden fell on the masses. They were aware, however, that those sacrifices were not only inevitable, but also constituted another contribution by those who have helped the economic reactivation process so much. That has traditionally been the generous, responsible behavior the workers movements have observed in times of crisis and social struggles in Venezuela and the world.

From the standpoint of the country's overall situation and of the evolution of the government's policy, we will now consistently promote demand, protect the workers real salaries, and promote employment in order to expand the domestic market, naturally with social justice in mind.

We will not eliminate other policies and incentives for the production apparatus on the whole, but this new aspect of our activities is also indispensable and mandatory.

In order to attain economic reactivation in general and promote employment, the government has prepared a triannual investment plan with a fund of approximately 38 billion bolivares. The main thrust of this program will be to improve and increase the Venezuelans' standard of living. These are special resources that are not included in the general spending budget for 1986. They are not part of the funds allotted to the government agencies. These funds will be invested in road works, construction -- particularly the health infrastructure, low-income housing, water pipelines, sewage facilities, irrigation and channels -- and maintenance of the existing infrastructure. These works will be financed in lump sums congruent with the nation's savings capacity in order to prevent any kind of inflationary effect.

The 3-year pattern of this program resulted from the need to keep the state's demand stable and to give private investment a clear frame of reference as to the kind, location, and quantity of the basic infrastructure facilities it will be able to work with in the coming years. It will also allow for an accurate evaluation of the effectiveness of the institutions that carry out the plan. We are certain that this triannual plan will be decisive in the efforts to promote production, employment, and the creation of better living conditions for Venezuelans.

In 1986 the plan will pump 13.7 billion bolivares into the economy. Together with the government's consolidated spending program, disbursements will total close to 70 billion bolivares. This will be an extraordinary incentive for the reactivation process and for the urgent creation of jobs. The resources will give priority attention to small- and medium-sized industry and handicrafts through the state's financial institutions.

It has been proven that administrative mechanisms -- particularly those connected with the coordinating board -- slow down the investment process. Therefore, we have adopted measures to expedite procedures and thus prevent unwarranted delays in the implementation of these programs. We will continue, intent on this effort that will require cooperation from all institutions.

With regard to recovery of the workers' real salaries, we have designed a series of balancing measures. This will respond not only to the deep belief that this administration's efforts are inspired by democracy and social sensibility, but also to the need to find the most suitable economic answers for a productive apparatus that will require decisive incentives on the demand side of the pendulum. The salary policy has a cost. To resort to easy financing that will have uncertain and harmful results in the medium and long-term is an artificial way of producing money. Another more suitable and stable means of increasing salaries is to redistribute income in the community as a whole.

In that context, during the latest cabinet meeting we decided to impose a slight increase on the price of gasoline. The lower octane gasoline will cost 50 cents more than now. The higher-octane gasoline will cost 30 cents more. This measure is designed to rationalize gasoline consumption in Venezuela, balance the costs of our manufacturing firms with regard to internal consumption, and allow a release of products for exports. This measure will gross an additional 3.8 billion in government revenue.

The largest portion of these funds will be used in three kinds of actions that the less affluent segments of society urgently need:

first, to finance wage and salary increases in the nation's public administration; second, to cover the increase in the milk subsidy, particularly the popular and powdered milks in view of the fact that the change in the 4:30 bolivares per dollar for import transactions significantly increases the prices of imported milk and wheat flour. The government cannot allow consumers to absorb the total cost of these increases. Moreover, it will be firm in its aim to keep the price of popular milk stable. Third, the measure seeks to establish and strengthen production, food, and social development projects that benefit the critically poor, particularly low-income children.

I have ordered a wage and salary increase for all public servants as of tomorrow, 1 January, as an essential aspect of that policy. The scales are as follows: A 20 percent increase in salaries under 2,000 bolivares, a 15 percent increase in salaries between 2,001 and 4,000 bolivaries, a 10 percent increase in salaries between 4,001 and 6,000 bolivares, and for salaries over 6,000 bolivares there will be a system of incentives that includes bonds and bonuses according to the pay grade of the employee. These will produce the compensations that are appropriate for mid-level employees. These measures respond to the needs of a labor sector that has been seriously affected by the crisis and that has not received a salary increase since 1980.

With the same purpose in mind, I have ordered a proportionately similar wage and salary increase for private enterprise workers who are not under collective bargaining agreements. In the case of rural workers, as a complement to the 33 percent minimum wage increase decreed at the beginning of 1985, I have ordered the following salary increases: a 10 percent increase in salaries up to 3,000 bolivares, and a 7.5 percent increase in salaries from 3,001 to 6,000 bolivares. This moderate salary increase will have a positive effect on the economy. It will also immediately increase demand as a result of the higher income people will have to acquire goods and services.

The government has given serious consideration to this decision. It will uphold it. We see this as a good opportunity for the private sector to show its goodwill and social solidarity, convinced as we are that this will be so and of the economic benefits these measures that the government has adopted in full compliance with its responsibilities and the law will bring. We see the increase in the collective bargaining agreements made during 1984 and 1985 as a good sign.

Moreover, as the business sector has been stating, it is logical that convenient and objective negotiations to revise wages and conditions should be conducted in those sectors that experienced a significant reactivation. I am optimistic in this regard because I have sensed the responsibility of businessmen and workers. Therefore, we will encourage this initiative.

I would like to acknowledge the extraordinary response of the agriculture and livestock producers to the overall incentives promoted by the government in that sector. This is not only reflected in the statistics; there is a new spirit in the rural areas and the repeatedly recommended necessary return to the countryside is taking place in a systematic and hopeful manner. Peasants and producers at all levels are again providing an example of true efforts and patriotism.

On the subject of prices, following the price adjustments that were previously set according to economic convenience, we have decided to freeze the prices on the basic products in the family basket. As I previously mentioned, we will continue subsidizing milk and noodles in order to prevent price increases on products of prime necessity for the majorities.

In 1986 we will begin and gradually and prudently strengthen programs for productive, nutritional, and social development, as well as children's programs for the lower-income sectors. This is considered a good opportunity to show our solidarity. The extent and quality of the program will prevent paternalistic or discriminatory diversions.

As I said, this is a good time to set goals. Hence, today I want to commit myself before the country to finding definitive solutions for three large distressing problems that regretfully have been handled by the Venezuelan Government without following a well-founded program, without a follow-up in the administrative work, and sometimes contradictorily. The problems are public health, the water supply in Caracas, and the pollution in the Maracaibo and Valencia lakes. I commit myself to facing these problems. I request the necessary cooperation from the Congress, universities, professionals, businessmen, workers, and all of the sectors involved. Organization and coordination will be essential factors for carrying out this endeavor. Our determination exists.

Regarding the water supply for our capital city, we will not stop at restoring the water supply system that was destroyed in an unprecedented accident, a problem which has been difficult to solve. We will guarantee for Caracas sure sources and a volume of this vital liquid. I have in my hands the plans for a national health program that was prepared by a highly qualified and pluralistic commission, and we already have the funds to build and equip the basic infrastructures and to remodel the current ones at other levels. We will continue to move ahead because we are convinced that finding a solution to the health services problem is one of our people's highest priorities, and that as a doctor I cannot leave the Miraflores Palace without making significant progress toward its solution, even if I must struggle against incredibly selfish positions.

Regarding the problem affecting the Maracaibo and Valencia lakes, our greatest fresh-water reservoirs, we will expedite actions to decontaminate them and prevent their salinization and uncontrolled deformation, as well as to clean their banks, reforest their main basins, and in sum to bring them back to life with all of the scientific and technical resources available. It will be an honor for the progressive Aragua and Carabobo states that demand this urgent action, and for the great Zulia state and has long awaited a solution. In any event, it will be a great achievement for the country.

We will not hesitate to admit that the results of the past 2 years do not satisfy our own aspirations. The crude reality often collides with the best efforts and projects. The old and new adversities have certainly joined hands in the case of Venezuela. However, we believe that we are opening a new path and laying the foundations so that with prudence and realism we may proceed toward the country's true and permanent recovery. Obviously, there will be many who will see everything negatively, due to their hasty analysis or distorted prejudices in making their evaluation. Those persons never see anything positively. We understand that and we democratically accept it.

In a few hours we will enter a new year. The year 1986 unfolds before us with immense possibilities. It will surely bring many challenges and dangers we must elude. However, it is reasonably promising. We are going to receive the new year with hope and determination. Venezuela, a benevolent and prodigal land, is a privileged place in today's uncertain world. We have great people and we have human and economic resources that through solidaristic, persistent, and cunning efforts will enable us to solve our present problems and consolidate the basis of a democratic and just nation based on its sentiments, convictions, and will.

To all Venezuelans of various ideologies, to all those who live and work with us, to the governments and countries represented here, as the president and as a friend I wish you a happy and prosperous 1986. Finally, I thank all of you for your kind presence on this occasion of great personal significance. Thank you very much. [applause]

FINANCE MINISTER: FOREIGN TRADE 'SATISFACTORY'

PA311917 Caracas Television Service in Spanish 0000 GMT 31 Dec 85

[Report by Maria Teresa Gutierrez]

[Text] The minister of finance has presented a report on the 1985 fiscal year. Minister Manuel Azpurua said that despite the drop in oil prices, the results of Venezuela's foreign trade were satisfactory.

[Begin Azpurua recording] This year there was a surplus in the foreign trade sector again, with a very favorable impact on the balance of payments and on the level of our international reserves, which total $13.7 billion. This equals 2 years of imports at the rate these were made in 1985. [end recording]

In discussing the foreign debt, Minister Azpurua said that they only thing still pending is the signing of the agreements. These will be signed during the first few weeks of 1986. With regard to the oil industry, the Finance Ministry's final report indicates that this sector's financial situation is once again solid and that it now has the resources to advance its development programs and continue as the backbone of Venezuela's financial activity.

The report emphasizes the government's success in curbing inflation. It indicates that based on the Central Bank's economic indicators, the price index for 1985 rose 6 percent, for an estimated inflation rate of approximately 12 percent in the same year. It also notes the 7 percent increase in the agricultural sector's activity and the 3 percent increase in the country's industrial output. These two sectors are considered important edonomic stimulators.

[Begin Azpurur recording] With regard to fiscal revenue, we obtained favorable results, having recorded an increase in the taxes collected on domestic economic activities as compared to our target revenue figures and last year's figures. [end recording]

Concluding, the finance minister told us that the state has all of the fiscal resources needed to support the salary increases that the president of the Republic will announce tomorrow.

DECEMBER OIL EXPORT PRICES LOWERED RETROACTIVELY

PA311749 Mexico City XHDF Television Network in Spanish 0100 GMT 31 Dec 85

[Text] Today Mexico announced the oil export prices that will be in effect retroactively to 1 December. The prices will decrease an average of $0.90 per barrel. Mexican Petroleum [Pemex] has said that at the end of January it will announce its oil prices for that month. This means that for the time being, Pemex will announce its oil prices at the end of each month and not at the beginning, as it once did.

The new oil export prices are: Istmo type oil for America, $26.25 per barrel; for the Far East, $25.85; and for Europe, $26.25. Maya type oil for America, $22.00 per barrel; for the Far East, $21.40; and for Europe $21.75.

CURRENCY RESERVES DECREASE BY 50 PERCENT IN 1985

FL311724 Mexico City NOTIMEX in Spanish 0150 GMT 31 Dec 85

[Text] Mexico City, 30 Dec (NOTIMEX) -- The finance and public credit secretariat has said the Bank of Mexico's gross currency reserves decreased this year by approximately 50 percent in comparison to 1984. The secretariat said the $8.1 billion reserves through December 1984 fell by $4.4 billion by the end of 1985. The Central Bank currency now represents less than 2 months of imports of goods and services required by Mexico plus interest payments on the foreign debt made to international creditors.

The decrease in international reserves was the result of a decrease of currency into the country estimated at $3.7 billion and capital flight estimated by the Bank of Mexico to be in the billions of dollars. According to the secretariat, this situation puts the Mexican economy in an extremely vulnerable position and creates uncertainty in the foreign trade markets which fear Mexico will once again have a cash problem as it did in August 1982 when it requested that private international banks grant a 180-day moratorium on its foreign debt payments.

Estimates by the economic cabinet indicate that Mexico's currency income for 1985 will be approximately $26.1 billion while import income will total approximately $14 billion. The 1985 provisions were not met due to foreign and domestic factors, such as the earthquakes of 19 and 20 September.

The secretariat expects total currency to reach $22 billion in the last quarter of 1985 while foreign purchases will increase to $14.3 billion ($300 billion more than expected).

Income from the sale of hydrocarbons decreased by $2 billion due to a decrease in international oil prices and the loss of markets from which Pemex earned $14 billion this year.

As for non-oil exports, they were expected to total $8.6 billion. Nevertheless, they amounted to less than $1.1 billion.

Imports of goods and services were generally as expected but increased by $300 million in the last quarter due to the September earthquakes, which required the purchase of foreign telephone, hospital, and telecommunications equipment.

BELIZE

GUATEMALA REPORTED WILLING TO ACKNOWLEDGE BELIZE

FL011604 Belize City THE BELIZE TIMES in English 25 Dec 85 p 36

[Following translated from Spanish section of newspaper]

[Excerpts] San Jose, 15 Dec (AFP) -- Today, shortly before leaving for Nicaragua, Guatemalan President-Elect Vinicio Cerezo announced in Costa Rica that his country will acknowledge Belize as a nation if an access to the sea is guaranteed.

"Guatemala would acknowledge Belize as a nation after an honorable agreement is reached and the decision is submitted to the people in a referendum," he added. About the Guatemalan Army, the president, who will be sworn in on 14 January, said "a democratic government has the legitimate right of defending national security but not of being repressive."

EL SALVADOR

COPREFA RELEASES CHANGES WITHIN ARMED FORCES

PA312005 San Salvador Radio Cadena YSU in Spanish 1655 GMT 31 Dec 85

[Text] The Armed Forces Press Committee [Coprefa] hereby informs the listeners of YSU about the changes that have been made within the Armed Forces. Colonel Maximiliano Leiva, of the Armed Forces staff, will now be commander of the Logistic Support Command.

Colonel Carlos Andres Araujo, commander of Military Detachment No 7 of Ahuachapan, will now be commander of Group No 4 [conjunto numero cuatro] of the Armed Forces staff. Lieutenant Colonel Jose Emilio Chavez Caceres, commander of the General Eusebio Bracamontes Rapid Deployment Battalion, will now be commander of Military Detachment No 7 of Ahuachapan. Lieutenant Colonel Hector Heriberto Hernandez, deputy commander of the 1st Infantry Brigade, San Carlos barracks, will now be commander of the General Eusebio Bracamontes Rapid Deployment Battalion. Lieutenant Colonel Carlos Armando Avilez Buitrago, commander of Coprefa, will now be in the scholarship corp of the Armed Forces staff to study abroad.

Lieutenant Colonel Ivan Reynaldo Diaz, deputy commander of Military Detachment No 1 of Chalatenango, has been transferred to the 1st Infantry Brigade, San Carlos barracks, as deputy commander.

Lieutenant Colonel Roberto Pineda Guerra, of the scholarship corp of the Armed Forces staff, will now be deputy commander of Military Detachment No 4 headquartered in San Francisco Gotera. Lieutenant Colonel Julio Cesar Venavides, deputy commander of the Military Detachment in San Francisco Gotera, has been transferred to the National Police as personnel commander. Lieutenant Colonel Joel Sanchez Paredes, personnel commander of the National Police, has been transferred to Military Detachment No 1 of Chalatenango as deputy commander. The Coprefa report adds: The promotions to colonel include Lieutenant Colonel Mario Denis Moran. The promotions to lieutenant colonel include those of Majors Julio Trinidad Martinez, Nelson Lopez Lopez, Jose Ricardo Pozo, Rene Majano Araujo, Rodolfo Avendano, German David Villalobos, Isabel Parada Reyes, Jose Alexander Mendez, Manfredi Koenisberg, Orlando Carranza, Oscar Leon, Miguel Borja Gomez, Roberto Tejada Murcia, and Humberto Corado.

Some of the new units incorporated into the Armed Forces include the Logistic Support Command and the replacements battalion of the Armed Forces training center. There were no changes in the military High Command.

BAD WEATHER DESTROYS HALF OF COTTON CROP

PA312316 San Salvador EL DIARIO DE HOY in Spanish 31 Dec 85 pp 3, 45

[Text] The 1985-86 cotton crop may be reduced in half by the bad weather which the country endured early in November, it was stated to EL DIARIO DE HOY by Ernesto Mason, a farmer.

He said that a harvest estimated at 1,300,000 quintals for 1985-86 could be reduced to half that amount and our country will have to import fiber for the first time in 50 years, causing worse problems. Experts on the matter consider the cotton case as a national tragedy and humanitarian aid is expected for the cotton growers from international financial organizations.

An average of 35 to 40 quintals of raw cotton were expected from approximately 31,000 manzanas which had been sown but, given the bad weather, the harvest will yield an average of 20 to 25 quintals per manzana.

The national requirement for gold cotton fiber is 300,000 quintals and 3 quintals of raw cotton are needed to produce 1 quintal of gold cotton fiber. This means that 900,000 quintals of raw cotton are needed but, given that the production has decreased to 25 quintals of raw cotton per manzana, there will be a deficit of approximately 45,000 quintals of gold cotton fiber to supply the national industry.

Given this catastrophic situation, the government's incentive through the fund for the cotton growers' protection is to no avail because there will be no exports. According to the agreement, the COPAL [not further identified] would be treated as a parallel market for each dollar of exports.

It is said that, in addition to this grave situation, the cotton cooperative has said nothing about the national catastrophe and the government has reacted by adopting urgent measures, not only to benefit all the sectors which depend on the cotton but also to support the cotton growers, who use up all their energy producing the product and facing all the problems which have arisen since the beginning, such as delays in getting credits to purchase raw materials and other products. This has turned cotton production into a difficult task, Mason said.

Another cotton grower, who refused to give his name, said that given this situation very few cotton growers will dare raise the product next year because international prices are low, producers lose their incentives, and cotton production is becoming less profitable. Consequently, it would be convenient if they received national support given the grave situation.

He said: It would be advisable to negotiate the financial situation adequately -- at producer and cotton cooperative levels -- with the state. Thus, their debts -- which run in the millions -- during critical periods would represent less of a burden on their finances and it will be easier to get bank loans.

This is one of the possible solutions for the cotton problem, because its increasingly smaller production provokes political, social, and economic problems for a small nucleus of the population, he said.

FARABUNDO MARTI CLAIMS 25 CASUALTIES IN CLASHES

PA012024 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 1830 GMT 31 Dec 85

[Text] Attention. Here is a report from Chalatenango, territory of combats and popular victories. At 0400 on 30 December, guerrilla units of the Felipe Pena Mendoza Battalions Group attacked a section of the Cobra Battalion of the big mouth [Colonel Sigifredo] Ochoa's 4th Brigade that was going to take positions at the (El Olvido) and (Cincuyo) hills, located on the Northern Trunk Highway near (Los Pozitos). This group was attacked with two revolutionary mines.

Much attention. Our units attacked enemy troops with two revolutionary mines. The enemy sustained 25 casualties, counting dead and wounded, including two officers. Later, our units clashed with enemy troops sent as reinforcements near the (El Olvido) hill. Afterwards, our guerrilla units withdrew without any problems. The Army sustained a total of 25 casualties, including dead and wounded, due to the High Command and Duarte's stubbornness in breaking the truce.

Our desire for peace is firm, but our military force is prepared to defeat the maneuvers and attacks at any moment. Here in (Cincuyo), Chalatenango Department, are the results of our revolutionary power. Here, in (Cincuyo) Chalatenango, 25 soldiers, including 2 officers of the 4th Brigade were victims of Duarte and the High Command's awkwardness and blood-thirstiness.

FMLN EXPLANATION DIALOGUE PROPOSAL

Part 15

PA262258 (Clandestine) Radio Farabundo Marti in Spanish 2300 GMT 24 Dec 85

[Special feature: "What Is the FMLN's Dialogue Proposal?" -- Part 15]

[Text] Fifteenth principle: The dialogue must be serious, public, and open to the participation of all the country's sectors. In the La Palma and Ayagualo meetings, the two sides reached agreements to ensure that dialogue would continue. These agreements also included the setting up of a national forum so the people would learn about and debate the process of dialogue. In La Palma the two sides agreed that we would discuss the proposals submitted by the government and the FDR-FMLN. Duarte has not complied with this agreement. The regime has also violated an agreement regarding the authorization to evacuate persons injured by the war; something which the government has systematically hampered. The Salvadoran people must also know that in the Ayagualo meeting we agreed on the guidelines for the activities of the special commission on the dialogue. The government has not complied with this agreement either.

We mention all this so that our people may learn that the regime lacks goodwill. In the dialogue's short history, Duarte has not made a single contribution so that this process may function and lead to a peace agreement. For this reason, among others, the FDR-FMLN does well not to trust the promises and commitments the Duarte government makes; all the more so, because the regime stubbornly seeks to make the dialogue a private or secret process, hidden from the people.

To defend the dialogue from Duarte's [works indistinct], our fronts feel that we must reinforce the following guarantees:

1. The two sides must make a public commitment to comply with the La Palma and Ayagualo agreements, and all other agreements made henceforth;

2. The two sides must accept the principle of equality of rights and duties as was established in previous meetings;

3. The main guarantee that the agreements of the dialogue will be respected will consist of a public discussion, open to all sectors, of the proposals made by the two sides.

Our fronts are not afraid that the eyes and ears of the people may learn about the internal development of the dialogue process. We are not interested in a secret dialogue process. In fact, we feel that the conditions for holding a national forum must be expeditiously created. Within this framework, all of the nation's political and social sectors will have a basis to discuss the proposals; they will also include their own proposals. The FMLN-FDR is submitting a solution that would ensure that the Salvadoran people will freely decide their future, and would open the possibility for all political sectors to democratically strive for their own programs.

Why is Duarte afraid of a public dialogue? The answer is that Duarte wants to hide his true position regarding this process. Duarte's bad faith goes even further. He dares to accuse us of promoting a tactical dialogue. If Duarte is so sure about this, why is he afraid of a public dialogue? Why does Duarte not want a national forum? Why does he not want discussions on the war and on a political solution? We feel that the dialogue is a national matter. Therefore, all Salvadorans must reach a consensus regarding a political and negotiated solution to the conflict. This is why we seek the creation of a national forum. Let us remember that the key factor which makes dialogue a useful means to achieve peace and lead to a solution of the conflict is not what the intentions of the two sides are; but rather, the justness of their decisions and the support they receive from the majority of the nation's sectors. The dialogue cannot take place in private.

Part 16

PA262302 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 1830 GMT 26 Dec 85

[Special Feature: "What Is the FMLN's Dialogue Proposal?" -- Part 16]

[Text] The dialogue, as an effort toward a political solution, requires a mediator. The mediator can only contribute to this effort if he remains impartial and respects the fact that the two parties have the same rights. The dialogue also requires a small group of people who would act as witnesses. This small group must be accepted by both sides.

Serious thought must be given to the role of mediator. Our fronts demand that the mediator, or the mediators, respect their role. For this reason we state that the mediator must be impartial. However, this has not always been the case in the past. As an example we can mention Monsignor Gergorio Rosas Chavez. He is markedly inclined toward the Duarte regime. This disqualifies him as a mediator because he is actually acting as a spokesman for the government's policy, and the government is openly against the dialogue.

Our fronts have also posed the need for a minimum number of witnesses. In previous casts we said that Duarte cannot be trusted. His actions have been dishonest. Duarte does not want peace; therefore, it is quite understandable that he should attempt to sabotage the dialogue. For this reason we cannot believe his statements or promises. This is why we need a group of people who will act as witnesses. These witnesses to the dialogue must be accepted by the two parties.

GUATEMALA

GOVERNMENT REFUSES ENTRY TO PEACE MARCHERS

PA312239 Guatemala City PRENSA LIBRE in Spanish 31 Dec 85 p 4

[Text] The Guatemalan Government has refused to allow the approximately 200 people participating in the so-called "March for Peace" to enter Guatemala. These 200 people began their peace march across Central America on 10 December.

Adolfo Rangel Solis, Guatemalan immigration general director, said: "After talking to the head of state he expressed his firm decision not to allow the marchers to enter Guatemala."

The immigration official said that one of the reasons why the group will not be allowed to enter Guatemala is what happened in Costa Rica, where the group clashed with rightist sectors.

The Honduran and Mexican Governments have also refused to grant the group entry permits and this would place Guatemala in a difficult situation because it would not know what to do with them in our territory.

Rangel Solis said that this is a firm decision and that the 200 people who are participating in the "March for Peace" will have to give up the idea of finishing the march as they had planned.

HONDURAS

'PLOT' TO DISCREDIT ELECTION RESULTS CHARGED

PA311858 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 31 Dec 85

[Text] Celio Arias Moncada, the presidential designate of President-Elect Jose Azcona del Hoyo, has made serious charges against the president of the Supreme Court of Justice. He said that Carlos Arita Palomo is pressuring the other justices of the Supreme Court to have the recent election results declared unconstitutional. According to Celio Arias, a judge told him about this audacious maneuver that would serve to prolong the administration of President Suazo Cordova for another 2 years. This is what Celio Arias told our reporter Pino Murillo.

[Begin recording] [Murillo] Mr Celio Arias, is it true that there is a plot, if we may call it that, and that as some political sectors have said the president of the supreme court is pressuring other justices to have the elections declared unconstitutional?

[Arias] I have reliable information that this is true. An effort is being made to exert pressure on all of the justices to declare the elections void so that the current government and the justices may remain in office for another 2 years.

I believe this is an attack on the Republic. All of us must follow this situation closely so that any attempt by the Supreme Court to be disloyal to the Republic may be checked and so that we may defend the election results that show that the Liberal Party won.

[Murillo] Is the president of the Supreme Court involved in this maneuver, according to the reports?

[Arias] Yes. According to the reports I have, this is the position of the president of the court.

[Murillo] What kind of information do you have? We believe that when this information was leaked you mentioned the president. Of course there is a maneuver. From where is it coming?

[Arias] I have that information but I cannot give names.

[Murillo] From where does the maneuver come?

[Arias] The maneuver is being handled at the court but I don't know who is promoting it.

[Murillo] Could the president of the Republic be involved behind the scenes?

[Arias] No, I cannot mention the president because I don't have any information on that. If I knew that he felt that way, I would clearly say so. However, I do know that the court is maneuvering.

[Murillo] As an Azconist, what was your reaction when you learned of this type of maneuver to take the presidency away from Azcona?

[Arias] Since this is information I secured in recent hours, the Azcona movement is not yet aware of the situation. However, I am going to inform the movement in order to adopt the necessary measures.

[Murillo] Are you going to meet to discuss this issue?

[Arias] I am simply going to inform Azcona about this and then talk with him.

[Murillo] What would you do in the event it is true that this situation is really being created? You have been clear-cut in accusing the president of the Supreme Court. Is your information reliable?

[Arias] I believe that the guarantors of the election results and peace in the country are the Armed Forces and I don't believe a military man is involved in this. I am sure that no military man is involved and that no military man will lend himself to this type of maneuver.

[Murillo] Why is this being done at this stage of the game when Azcona has been declared president-elect, and the cabinet and the swearing in ceremony are being prepared?

[Arias] I don't like to speculate. I am going to limit myself to providing this information about which I am completely certain. I don't think I should speculate. [end recording]

PEACE MARCHERS TO AGAIN ATTEMPT TO ENTER COUNTRY

PA312148 Hamburg DPA in Spanish 2020 GMT 31 Dec 85

[Text] Managua, 31 Dec (DPA) -- The 200 international pacifists from over 20 countries suddenly announced today that they will not return to Managua, but will go back to the border with Honduras in a new attempt to enter that country.

The pacifists, who had initiated their return to the Nicaraguan capital to later go to Corinto port in the hope of continuing their tour of Central America, travelling to El Salvador by sea, have returned to the El Espino post. This was reported by sources connected to the group, which promotes peace in Central America.

A press conference scheduled for this afternoon (local) in Managua was transferred to the northern city of Matagalpa 125 km away, but may be called off because of the suddenness of the measure.

There are no indications that the Honduran Government has changed its decision to deny entry to the pacifists, who on 10 December initiated their tour of the region in Panama. They will end it in January in Mexico.

NICARAGUA

ORTEGA CANCELS GUATEMALA TRIP; THREATS CITED

PA312211 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 31 Dec 85

[Text] It was announced today that President Daniel Ortega Saavedra has cancelled his trip to Guatemala where he was scheduled to attend the inauguration of the Central American Peace Games on 4 January. Carlos Luna Longo, member of the Peace Games coordinating commission, announced that Ortega Saavedra will not be present at the inauguration of the games. President Ortega had been threatened by the self-named Secret Anticommunist Army, an extreme right terrorist group. However, President Ortega may visit Guatemala on the occasion of the swearing in of Guatemalan President-elect Vinicio Cerezo on 14 January.

Carlos Luna Longo announced the names of the people who will represent President Ortega at the inauguration of the Central American Peace Games.

[Begin recording] Nicaraguan Vice President Sergio Ramirez Mercado will head the Nicaraguan delegation. He will be accompanied by Foreign Trade Minister Alejandro Martinez, Planning Minister Dionisio Marenco, and Tourism Director Herty Lewites. [end recording]

ORTEGA DELIVERS NEW YEAR ADDRESS TO NATION

PA011318 Managua Domestic Service in Spanish 0001 GMT 1 Jan 86

[New Year address to the nation by President Daniel Ortega Saavedra in Pancasan, Matagalpa Department, on 31 December 1985 -- recorded]

[Text] I am going to read a message from the Nicaraguan president and the FSLN National Directorate to the heroic people of Nicaragua:

The FSLN National Directorate and the Nicaragua Government salute the heroic people of Sandino who conclude 1985 today with discipline and enthusiasm, and is preparing to implement and enforce the goals for 1986. In 1985, the year of unity in the face of aggression, the indestructible unity of all Nicaraguans, workers, peasants, and patriotic sectors was decisive in facing and defeating the terrorist actions that the U.S. Government is perpetrating through the CIA mercenary forces, through the trade embargo and economic blockade, through the approval of million-dollar aid to finance crime and terrorism in Nicaragua, through a greater U.S. Army presence in our neighboring countries and on our coasts, and through preparations for a direct military intervention.

In 1985, the year marking the 40th anniversary of the United Nations and the defeat of Hitlerite fascism, Nicaragua defended the international legal order and law, whereas the U.S. rulers ignored international law disobeying international organizations, disobeying the UN General Assembly, ignoring the UN Security Council, rejecting the International Court of Justice, ignoring the appeals for calm from countries of the Nonaligned Movement, and systematically and knowingly sabotaging its own National Security Council policies and the Contadora Group's peace efforts. In 1985, our revolution advanced in building a government that for the first time in our country's history was elected by the people, and in establishing the first National Assembly to give majority representation to workers and peasants, and to include other political and social sectors in order to strengthen it. Also, for the first time in our history the National Assembly is truly pluralistic and democratic.

In 1985, the heroic people fulfilled the chief task of facing and defeating Yankee military aggression. The people were mobilized in the war front and organized in militias and territorial battalions. The task was fulfilled thanks to Sandino's cubs combative response to the Patriotic Military Service. It was ensured thanks to the discipline, selflessness, and determination of the men and women who permanently work in the ranks of our Sandinist People's Army and the Interior Ministry. In 1985, this task was chiefly fulfilled by our heroes and martyrs, all those Nicaraguans who gave up their priceless lives to protect the lives of their entire people. The task was fulfilled by Nicaragua's courageous mothers, fathers, brothers, wives, girlfriends, children, relatives, friends, and comrades of the people's fighters. They were able to accompany, encourage and support these fighters at all times.

Our recognition goes to Nicaraguans, soldiers of the fatherland, who gave up their lives in 1985; they unhesitatingly faced the aggressor. Our recognition goes to the thousands of militiamen, reservists, permanent forces, patrol guards, unconventional warfare units, infantry and artillery soldiers, pilots, sailors, doctors [word indistinct] and other military experts. Our recognition goes to the selfless fighters of the state's counterintelligence and intelligence divisions, and those of the Interior Ministry. Our recognition goes to the soldiers who are directly involved in meeting the demands of the rearguard for the nation's defense. Our recognition goes to the Nicaraguan people's great Army which is waging this great battle in the defense of sovereignty, the right to self-determination, and democracy.

The production tasks were also fulfilled despite the critical situation in which aggression's devastating impact was compounded by the international crisis. The foreign debt problem, and the unfair international economic order (?is sacrificing) our peoples even more. In Latin America the immediate results of this crisis have been unemployment and the scarcity of staples accompanied by an increase in their prices. Moreover, these countries have been subject to harsh IMF measures amounting to nothing less than economic policies that violate these peoples' human rights. Nicaragua is suffering the impact of this crisis even more because it has been compounded by the results of the U.S. Government's war of aggression. However, we have faced this crisis without resorting to the genocidal IMF measures. We will never resort to these measures. We have faced the crisis making efforts to guarantee food for the people's fighters and for the productive workers. We have faced the crisis producing coffee, cotton, sugar cane, corn, rice, beans, sorghum; and sowing and harvesting in the midst of the war on lands that are being turned over to the peasants.

In 1985 we presented land titles on 502,414 manzanas of land to individual peasants, cooperatives, Indian communities, and special titles, benefitting a total of 18,915 families. We will continue facing the crisis giving the peasants land. We are ending 1985 fighting against the mistakes, weaknesses, and vices that we still have not been able to overcome, but with the conviction of discovering them and fighting them with energy, discipline, and a Sandinist awareness until they are eradicated.

The balance in 1985 is positive for the people. There is a Sandinist popular revolution in Nicaragua. Our enemies crashed against the people's arms. The imperialists ambitions crashed against Sandino's heart, which is the heart of every honest Nicaraguan. Nineteen eighty five was the year of unity in response to the aggression, and this unity meant blood, sweat, pain, and happiness in the people's brave struggle making the slogan "They Will Not Pass" a reality.

In 1986 our revolution will advance to its seventh anniversary. In 1986 we will fulfill 60 years of the anti-imperialist struggle initiated in 1926 by our General Sandino. In 1986, we will celebrate 30 years since the punishment of the dictator Somoza by Rigoberto Lopez Perez. In 1986 we will celebrate 10 years since the death in combat of our brother and chief Carlos Fonseca. Also in 1986, standing out among hundreds of heroic and sublime dates in our history, is the 25th anniversary of our vanguard's emergence. In 1961 from the heart of our history, our vanguard began forming: the FSLN. The front that would end the path of Acagualinca's footsteps, the front to resume the Nicarao dialogue, the front that would raise the bow and arrow of Diriangen, the front that would take Andres' stone in the San Jacinto stone corral, the front that would clutch Zeledon's rifles, the front led by Sandino, Rigoberto, and Carlos was slowly forged. The people's masterpiece of clay, fire, and blood.

The [FSLN] incorporated the rivers, mountain ranges, mountains, valleys, hamlets, neighborhoods, trails [picadas], clearings, and roads until the word and example of the dead united with the conscience and determination of the living, until we became one with El Fosforo, El Bocay, and El Patuca; the little town of Raiti; with Caratera; with the Managua neighborhoods; with these Pancasan mountains, Cerro Colorado, Quirragua, Zinica, Musun; until blood and earth united with the lilies, stones, trees, the humble farm, the little Sandinist room in a neighborhood in Managua, Leon, Esteli, Matagalpa, or Masaya. The front emerged when the blood and organized hopes of laborers, peasants, students, and intellectuals united. At that time there were few hands to clutch the rifles and even fewer rifles. Economic resources were few and often we did not eat. Even when we had money, it could not be used for food, as it was needed to buy a revolver or a rifle for the struggle against the dictatorship. Our bookkeeping was strict and the front's money was sacred; it was the people's money.

Carlos Fonseca, the leader of the front, often had to travel in taxis because the organization had no transportation. On other occasions he had to travel by bus because he did not have money to pay a taxi, and on some occasions he went to meetings on foot because there was no money to pay bus fare. This is how the people's force was forged; the people's morale and discipline can be seen in the Sandinist militants. This is how the FSLN's indestructible fortress emerged, and the decision of free fatherland or death. These were the people's arms and we multiplied all of those arms into organizations, discipline, and combat until they became a torrent, a volcano, and an explosion and we triumphed on 19 July 1979. Today, these arms are multiplied in the thousands of militants and members of our vanguard detachment.

Today this weapons are rifles in the people's hands; land handed out to the peasants; the availability of health, housing, and education for the people; natural resources; and means of communications placed in the hands of the people. Our weapons are the organization of the workers, peasants, students, professionals, intellectuals, artists, women, church groups, children, and artisans; they are the right to autonomy of the Atlantic coast Nicaraguans; and the people's right to dissent, speak out, and act. Today these weapons are the people's power, Sandinist power, revolutionary power, the power of the people, which no one or nothing will ever take away from the people. However, the imperialist enemy is preparing new military and economic attacks for 1986 in an attempt to destroy our revolution. Hence our slogan: 1986, 26 years later, all weapons against aggression.

Let us unite all weapons like Carlos Santos, Lopez Jorge Navarro, Tito Buitrago, Rigoberto Cruz, Jose Benito, Enrique Valente, Silvio Mayorga, Carlos Reyna, Francisco Moreno, Edmundo Perez, and Felin Fiune did in order to consolidate the process we have today and defend peace. Let us unite all weapons to confront the imperialist escalation. In order to do this we will continue to equip the people with greater combative readiness to make progress in the process of the strategic defeat of the mercenary forces. Let us also unite all weapons to be prepared to confront, resist, and defeat an eventual direct military intervention by U.S. troops. Let us unite all weapons to guarantee that the masses will be ready to mobilize to the war fronts, and to guarantee the mobilization of thousands of youths who in 1986 will answer this country's call by joining the Patriotic Military Service.

Twenty-five years later, all weapons against aggression so that in 1986 the peasant militias will increase their number to expand and consolidate the territorial self-defense systems. Nineteen hundred and eighty-six, all weapons against aggression with new militia units on the Pacific coast; and men, women, youths, the elderly, everyone to the militias and infantry reserve battalions in all of the country's towns and cities. All Nicaraguans must participate in and support the civil defense tasks. Nineteen hundred and eighty-six, 25 years later, all weapons against aggression to reinforce the measures the Interior Ministry may need to increase revolutionary vigilance to neutralize the CIA's terrorist plans. Nineteen hundred and eighty-six, 25 years later, all weapons against aggression.

Let us unite the weapons of organization and discipline to produce in factories, cooperatives, and in the people's and private enterprises. Let us increase productivity. This will help us win new battles against the past of Somozist exploitation and subservience to Yankee imperialism, which is attempting to make our economy fail. Nineteen hundred and eighty-six, 25 years later, all weapons against aggression to unite efforts in the struggle against speculation, guarantee the distribution of basic foodstuffs, and respect fixed prices; to unite efforts to take care of the people's resources, including schools, hospitals, health centers, day care centers, and public transportation, and to help save energy and water, participate in construction projects to benefit communities. Nineteen hundred and eighty-six, 25 years later, all weapons against aggression, so that the landless peasants may become more united and organized in order to receive the lands that the revolution will continue to hand out.

A total of 2,517,518 manzanas of land and their corresponding land title deeds have already been turned over to 83,157 families in the form of cooperatives, and to individuals and indigenous communities in 6 years of revolution.

The land will continue to be turned over to those who till it. Within the next few days we will amend the land reform law to expedite the handing over of land to the peasants.

The Nicaraguan Government and the FSLN will continue to hand out lands and weapons to the peasants until there is none without land. The Nicaraguan Government and the FSLN have guaranteed and will continue to guarantee land ownership for those farmers who till it efficiently and patriotically, particularly for small- and medium-sized growers.

We are aware of the people's suffering and of the grave economic problems that are burdening them. The Yankee aggressors want to demoralize the people to defeat and subject them. That is why in 1986 we will continue to struggle against the decline in the workers' standard of living. On 1 January the Labor Ministry will begin to announce the salary readjustments that will allow workers to better face the economic crisis caused by aggression. However, we are aware that a salary readjustment will do no good unless we guarantee prices and fight speculation more emphatically and decisively. Therefore, the salary readjustment will go hand in hand with more and better actions by the Domestic Trade Ministry with the support of the organized people. This effort must also go hand in hand with greater productivity in factories and fields because only by combining salary readjustments, price controls, the fair distribution of products, and greater production will we be facing the crisis as we should.

In 1986 all of the country's patriotic sectors will unite efforts to discuss and draft the constitution that will be the first constitution to be discussed and approved by the people.

From this heroic Pancasan, from these generous lands where thousands of peasants, youths, and adults from the cities are waging the battle to harvest coffee we urge all to practice Sandinist emulation to increase the yield of the harvest and the quality of the yield as much as possible. This is another battle against the imperialist aggressor.

Nineteen hundred and eighty-six, all weapons against aggression. We will comply with the military mobilization for defense; the Patriotic Military Service; revolutionary vigilance; the handing over of lands and rifles to the peasants; the struggle to do away with the errors and vices of the past; price controls and measures to readjust workers' salaries; the production of basic grains; saving on and taking care of the people's resources; the drafting of the constitution; autonomy for the Atlantic coast Nicaraguans; the coffee, cotton, and sugarcane harvests; the struggle against indiscipline and for greater work productivity; and the struggle for peace. We will fulfill our obligation to Sandino, Rigoberto, and Carlos; to the power of the FSLN, the spirit and heroism of 25 years of struggle, the endless power of the people, the decision of free fatherland or death!

Pancasan, Matagalpa, Nicaragua 31 December 1985 For peace, all against aggression!

HUMBERTO ORTEGA NEWS CONFERENCE ON U.S. POLICY

PA310311 Managua Domestic Service in Spanish 1607 GMT 30 Dec 85

[News conference by Commander of the Revolution and Defense Minister Humberto Ortega Saavedra held in the Conference Room of the Presidency's Information Directorate; broadcast in progress -- live]

[Text] [Ortega] ...that the current U.S. Administration is bent on maintaining against our country.

First of all, we wish to mention the most important element. This element is the process of disbanding the mercenary forces, the mercenary army, that the U.S. Administration organized and built to overthrow the current Nicaraguan Government. We can assure you that by 30 November 1985, that mercenary army had begun the irreversible process of destruction, and its strategic defeat has already begun. In 1986 that army's process of destruction will continue and increase. This will be done through the various campaigns that the Sandinist People's Army [EPS] will continue to develop and carry out throughout 1986. This is the most important element in the analysis of the war.

As an alternative for this process of strategic defeat of the mercenary branch of the United States, we find another equally important element that must be taken into consideration when analyzing the war experienced by Nicaragua. This alternative is an escalation. Because of the mercenary army's failure, the United States has decided to supply the mercenary forces with the "Red-Eye" type arrows [flechas] and give the Honduran Army the F-5 planes. This means that in view of their failure to build a powerful mercenary army to carry out their strategic plans, in the past few weeks the U.S. has been implementing its alternative, and this alternative is the interventionist escalation which we will now talk about.

The interventionist escalation undertaken in view of the fact that the plans for the mercenary army failed consists of: First, the U.S. is interested in creating several border incidents over the next few weeks and months. They are attempting to worsen relations between the Nicaraguan and Honduran Governments and armies. They also plan to indiscriminately use weapons like the arrows [flechas]. As we already know, these weapons have been delivered. They are also planning on using the Piranha type speedboats and we have not ruled out the fact that they may try to mine our coast, especially along the Atlantic coast.

As all of you know, on sever ! occasions we have presented charges regarding the use of speedboats and terrorist actions carried out at sea. Recently the Nicaraguan merchant ships that operate along our coast, especially on the Atlantic coast, have been subject to mercenary plans, CIA plans, aimed at hindering this normal Nicaraguan merchant operation. Just recently we mentioned the incident during which they tried to obstruct the road to El Rama and we have learned that at this moment other kinds of actions are being planned. These actions are aimed directly at our ships at sea. This is against our merchant ships. They are planning to attack them while out at sea. This will be done through air attacks and with the use of speedboats. Mines will be placed to prevent their entry into Nicaraguan ports, and they will also try to destroy our fishing fleet. In this manner they will create problems for our fishermen who make a living from what they get from the sea.

The interventionist escalation in 1986 also includes plans to develop political and economic attacks in a more systematic manner. The interventionist escalation that we are facing also includes strangling Nicaragua, especially through plans led by commando groups and by using airplanes that have already been identified by international press agencies. I would say that if they are using planes, we cannot rule out that they might attack our main ports, the refinery, and other strategic points needed for the country's normal development.

Their goal is to create problems for us in the fulfillment of different economic and social programs, and above all to reduce our rearguard's capacity at the war fronts in its struggle against aggression.

The use of pirate planes is another element that the CIA will try to introduce in the near future. We have already seen how recently, on 4 November, in an event held in Honduran territory at a military academy for mercenaries in Las Vegas, they not only displayed the arrows [flechas] that they used later, but they displayed a plane used by the mercenary forces. On that occasion they also told a U.S. reporter that this was a sample of the fledgling air force that they are trying to create. We are also aware that the $27 million that has been granted includes the acquisition of ground and air transport means.

The interventionist escalation scheduled for the coming months includes the use of pirate planes. This means that they will fly unmarked in order to hide their terrorist crimes.

Another important element in the interventionist escalation planned for the coming months is the U.S. effort to try to distort the Contadora process until it fails. The United States will continue its efforts to isolate Nicaragua from Latin America and the rest of the world. Logically, in order to better carry out its military blows and terrorist attacks against Nicaragua, the U.S. Administration needs to progress in this goal also. The current U.S. Administration will also continue its interventionist escalation by trying to involve the U.S. Congress completely in its current terrorist and risky policy that Reagan maintains, despite its failures, against the Nicaraguan government.

Regarding this first point, the war is characterized by the irreversible process of the strategic struggle against the mercenary army's regular forces, and as an alternative to the strategic defeat that we have been inflicting on their army, the U.S. is accelerating its interventionist escalation with all the aspects I have pointed out. This is a very important aspect to consider.

Let us speak now of the U.S. activities during 1985 against Nicaragua, and in general about its presence here in the area. All those military activities by the United States serve to give greater credibility to the charge that I have made about this interventionist escalation. The U.S. military and intelligence activities in the area were aimed basically at strengthening all aspects to achieve a greater and more specific control, preparation, and conditioning of the Central American theater of military operations. All these activities were aimed against Nicaragua. All these military operations are aimed against Nicaragua.

In 1985, all of the measures and steps they have adopted in the region since 1981 acquired greater body and consistency. This was the case, for example, at the Palmerola base, where in addition to enlarging the landing strip -- which has made it possible to use all types of military airplanes -- they also constructed a heliport, a military hospital, as well as an important complex for fuel and ammunition storage. All of this took place in 1985, despite the rhetoric that the United States does not have a considerable military presence in the region, or in this case, in Honduras.

In 1985 the United States strengthened the Air Force's control and command center, which is the headquarters for a task force known as Bravo that plays a very important role in plans to unleash interventionist actions against the country. At least 1,200 Americans work at this control and command center. There is a communications center, a radio center, and from there they control all types of aerial movements in the region, from Colombia to Mexico. The center is also to direct air-land operations against Nicaragua or other Central American countries whenever they decide to attack -- in this case Nicaragua -- as another country in the region pointed out.

As you can see, far from diminishing the aggressive U.S. presence, in 1985 the control and command complex has been strengthened. Meanwhile, aerial exploration in the Nicaraguan theater of military operations, as well as naval support operations demonstrate that instead of diminishing, there are even more concrete plans for isolated attacks of a strategic nature and intervention. As you can see from the chart that we have here, there were over 571 violations of our airspace. All of these violations were reported from Honduras and Costa Rica. In 1985 we recorded 571 airspace violations, mostly from Honduras and Costa Rica, aimed at reconnoitering our territory in support of the mercenary forces as well as supplying these forces waiting in jungle areas by way of parachutes. The mercenary forces are known in Nicaragua as war fronts because of their military activities. Five hundred and seventy-one violations were reported, most of them from Honduras.

In regard to the strategic exploration of interest to U.S. interventionist plans, in regard to the aerial activity to gain greater control of their interventionist plans, we can point out that the United States, the U.S. Air Force alone, carried out 468 activities reported up until 26 December 1985. There was tactical exploration by electronic means, there was photographic reconnaissance, and it is important to point out that for the first time in Nicaragua on 5 December, there was an espionage flight by way of the AWACS system, which is a command post and rapid warning airborne control system. The famous AWACS system is the most sophisticated system the United States has, and it is not only a means of espionage, but it is also a command system that flies, that can direct an attack or any given activity.

There were a total of 478 tactical exploration and [words indistinct] missions. The photographic espionage to further the information which the U.S. already has on Nicaragua's theater of military operations is important. Likewise, regarding sea operations, there have been an unending number of operations employing diverse means along the Pacific coast. Again, we want to point to the use of an ARL-24 Steams [as heard] exploration vessel which continues to spy off our Pacific coast; that is, along the Golfo de Fonseca zone. As I stated before, this exploration vessel has very sophisticated means of espionage which are being aimed at our country. We would also like to mention that pressure is maintained on this country through the presence of battleships, cruisers, destroyers, etc.

The Yankee presence in maneuvers, exercises, or other kinds of tasks, as they term them, in the region has provided the opportunity to directly train the military commanders and officers who would be called upon to participate in an interventionist plan against our country. In 1985, as well as in recent years, they have made progress not only in terms of preparing the theater of operations for military actions, especially in Honduras, by building the infrastructure, airports, as well as with engineering and communications works and the like, but also, they have made progress in training personnel, in this case, military chiefs and officers in general, who would be in charge of leading the operations against Nicaragua. They have been training them in regions located in Honduras which are similar to our own conditions in order to accustom them to the tropical environment and Nicaragua's topography. Therefore, they have been training these personnel to withstand the environment. In addition, by bringing them to Honduras, they are being mentally and psychologically prepared to operate in this Central American region, and especially against Nicaragua. In other words, U.S. actions in Honduras are not passive. Rather, its actions have been geared towards its interventionist plans. We must point out that from 1981 to the present, 1985, 72,000 troops have participated in the diverse exercises and maneuvers held in Honduras; and 25,000 of these soldiers participated in 1985.

That is, the U.S. Armed Forces conducted several maneuvers and exercises such as "Big Pine III" which took place in Honduras involving varied maneuvers including [word indistinct]. In addition, there were the air-ground-sea maneuvers known as "Universal Trek," which included amphibious landings, air and sea support, and so forth. I have here a list of all the maneuvers and exercises conducted in 1985. It is worth noting that since 1981, over 70,000 [as heard] U.S. soldiers have gone through the Central American region. They have been in Honduras in one way or another training or becoming familiar with Central America's theater of military operations.

Also as part of the U.S. presence, we must point out that in 1985 there were at least 46 major visits to this area, especially to Honduras, by ranking military officers acting as U.S. Department of Defense delegates in special missions. The latest of such missions of an aggressive nature was by National Security Adviser John Poindexter, [Assistant Secretary for Inter-American Affairs] Elliott Abrams, and by Lieutenant Colonel Oliver Norton, a liaison officer of the CIA or the National Security Council. We have noted to date nearly 46 visits, some publicized, others in private, by political and military officials, basically to Honduras. The purpose of the visits is to create conditions and sway Honduran officials or that country's political sectors to accept U.S. plans for a greater U.S. involvement, through Honduras, against Nicaragua. Therefore, Poindexter's latest visit is important. Among other reasons, his visit was aimed at obtaining a more direct commitment on the part of Central American armies in the diverse U.S. actions against our country. The purpose was to directly involve those armies, especially the Honduran Army, against our country.

The maneuvers and exercises will continue during 1986, within the framework of the U.S. presence in Honduras and the region, including the "Terencio Sierra" joint exercises between the U.S. and Honduran forces; then there will be other exercises in the region. The important thing is to underscore that the United States' presence continues with an increasingly clear outline in the military sector.

Lastly, we want to discuss the specific role of the mercenaries and the Army's general plans for 1986. I stated earlier that the United States sustained a new blow in 1985, because it could not develop its plans for the mercenary army throughout the year. The mercenary forces have now entered a strategic decline, an irreversible process of military defeat. I have also stated that our troops would develop a greater impact in 1986 so that the mercenary forces will practically find themselves in a considerably less important position by 1987. Of course, the mercenary Calero and Enrique Bermudez recently said that the Nicaraguan Government would be defeated in a short time. I think they even told a U.S. agency that this would occur in a matter of months, that the Nicaraguan revolutionary government would not exist by June.

The truth is that they have completely lost the initiative; they have been pushed back by our troops into increasingly more distant zones, even out of the country. They maintain a certain presence at a high cost in casualties -- dead, wounded, and prisoners -- in the fith region, for example, in the zones of Chontales and Boaco. Their efforts to maintain a certain presence for the sake of propaganda, and their attempts to cut off the highway to Rama -- the highway which links Nicaragua with the Atlantic Ocean -- have taken a high toll. When they came to Santo Domingo and other points, the reaction of our territorial troops, militia troops, and Army troops was immediate and overwhelming.

Within this context, we can rightfully state that the future of the mercenary army and mercenary forces, which tried to consolidate the U.S. plans, is to maintain a sporadic presence by gathering their forces and dealing ineffectual blows -- as they did at La Trinidad this year. Even though we do not discard the possibility that they might manage to maintain such a presence within the next few months, this will demand a greater cost and prove to be their strategic defeat, as I said earlier.

The most important thing is that the uninterrupted actions of our troops have led the mercenary forces to fall into a defensive position. According to the plans to create tension and the necessary conditions for an intervention [changes thought] the U.S. intervention, these forces will increasingly tend to operate in border areas. We know that the CIA has been sending supplies to Costa Rica for the mercenary forces in the south, with the intention of dealing blows to the sector of Rio San Juan during the first months of 1986 and to create a conflict with Costa Rica. All of this is part of the plan to undermine the relations between Nicaragua and Costa Rica, and support interventionist actions; this also applies to Honduras.

In other words, the plans for 1986 are to increase the mercenary activities in the border areas to provoke conflicts with Honduras and Costa Rica and to simultaneously maintain a constant activity, although less important, with smaller groups which are currently being used in the jungle areas. It is very difficult to annihilate these groups within a short term because we cannot disband our forces and send them after smaller groups, even though they inflict damage and we are harassing them, cannot deal strategically important blows to the revolution. However, we do maintain a general activity [changes thought] a general campaign to neutralize and annihilate them in due time. Consequently, these groups will maintain their activities in the same war zones, but the heaviest military actions will take place in the border areas, because they will seek to provoke a conflict, particularly between Honduras and Nicaragua.

As a result of the continuous blows dealt by the Army, given that we took the initiative against the enemy from the beginning, and given that we have carried out all the military plans, as of 26 December we have totalled 5,649 casualties inflicted on the mercenary forces, including 4,508 dead and approximately 500 prisoners.

I repeat: Our armed people have inflicted on the mercenary forces 5,649 casualties, including 4,608 dead, close to 500 prisoners, and the wounded who are removed by the mercenaries, especially when the clashes take place near the border.

Our Army, including the militia, officers, permanent forces, and the reserves, suffered 1,543 deaths in 1985. We also had wounded fighters, most of whom suffered minor injuries. As a result of the improvements we have made in combat medical care, we have reduced the number of casualties suffered in before our military first aid system was developed. The use of helicopters, field hospitals, and other resources have allowed us to reduce the number of casualties and those with minor injuries have been able to return to the battlefields after a short period of time. We have had 1,543 deaths. This also includes companeros from the Interior Ministry who have given their valuable lives to support military plans.

Regarding civilian casualties that resulted from the mercenaries activities, we had 1,570 casualties as of 26 December. This includes 281 dead, including children and the elderly. The remainder of the casualties include the wounded and kidnap victims.

Finally, we are going to briefly discuss the achievements of the Sandinist People's Army in 1985. First, we fulfilled all of our plans to strategically strengthen national defense. In spite of U.S. efforts -- the economic boycott, the blockade, political and diplomatic pressure, and especially the military aggression -- we were able to approve, the revolutionary government approved, the military doctrine that guides the people's war strategy, a strategy we call national, patriotic, and popular war, as a guideline for developing lasting plans and facing war in the event of U.S. intervention. The military doctrine calls for an active resistance strategy, for a war expansion strategy in the event of U.S. intervention. This strategy has been developed in the past 6 years of the revolution.

In 1980, we practically had no doctrine. Now, in 1985, based on our own experience we have a military doctrine and a sound strategy for facing the plans of the enemy. We have been able to strengthen the Army's organizational consolidation process, the institutional process. This strengthening is part of the vigorous efforts made to consolidate the permanent Army, which is the spinal cord of the great people's Army composed of the EPS, the militia, and the reserves. We have strengthened the national territorial defense system throughout the country. Therefore, when the mercenary forces are expelled from an area, we move in, make advances, organize the peasants, and give them arms. As a result of this action plus the activities of the Army's permanent forces, we can better face any new attempt by the mercenaries to return, especially from Honduras, to these territories and take control.

In 1985 we created new special counterinsurgency warfare units as well as special mission units. These units are different from the BLI's [unconventional warfare battalions]. They are new battalions with whom we have worked hard. We trained them for many months. They are the first large special contingents prepared for tightening the campaigns conducted by the BLI's and by other territorial forces and Army units in 1985. In 1986, the new units that are now being trained will join the campaign.

New units of Border Guard troops were also created in 1985, which has made the incursions, particularly at the Honduran border, more difficult. Previously, due to the absence of our troops in large stretches at the border, the mercenary forces could carry out these incursions from Honduras.

Another important strategic achievement of our country and the revolution in the military field in 1985 has been the process of demobilization of youths who completed 2 years of Patriotic Military Service [SMP]. This shows that despite the attempts to destabilize the country and the general plans, the revolution was capable of conducting the process of demobilization and relief of the youths in complying with the SMP law.

Another strategic achievement in 1985 was the beginning, the first steps taken and the first contingents established for the implementation of the Military Reserve Service [Servicio Militar de Reserva -- SMR]. This was also a great step forward, despite the efforts of the United States to prevent its implementation, because it makes it possible for all the youths who completed their SMP and who have acquired military experience at the fronts, to join the SMR in the cities in an orderly way, and strengthen reserve levels throughout the country.

With the implementation of this law, the country's military reserves will now have youths who have acquired military experience; in addition, the previous members of the Reserve Infantry Battalions, BIR, will now be more organized and subject to a more systematic guidance in order to have better organization and cooperation in the military arts and sciences.

This year, we have also strengthened the air and land operations. This enabled us to make significant advancements against the largest mercenary groups that tried to occupy some large towns, such as La Trinidad, in an attempt to generate propaganda for the U.S. Government. Thus, the use of airborne troops and helicopters in combination with the land forces has been a military art in which we have made considerable advancements, and which has enabled us to reply to the enemy plans quickly and effectively.

In addition, even though we have been under much tension due to the war [word indistinct] we have strengthened plans in the rest of Nicaragua's Pacific Coast, particularly the strengthening of the armored units, the mechanized infantry, land and antiaircraft artillery, according to the people's war strategy in the event of a U.S. intervention. In other words, our plans are not theoretical, they have been designed to face an eventual U.S. intervention in Nicaragua. We are prepared to resist and repel this intervention with our permanent forces, militia, reserves. We have plans to resist, stop and hold back the enemy, and (?extend) the war.

The state and military intelligence organs have been strengthened considerably this year, as well as the state counterintelligence activities carried out by the Interior Ministry in supporting the Army's military plans. This has occurred particularly in the Matagalpa and Jinotega areas, where we have advanced in joint plans to dismantle the networks that the mercenary forces have tried to set up in the mountainous regions.

All these elements, among others, have made it possible to maintain the current Sandinist military advantage over the enemy, which day by day is on the defensive, and whom we are sure will be defeated in the end.

If you have any questions, we will be happy to answer them.

[Reporter] [Question indistinct]

[Ortega] When we talk about the revolution's military doctrine, and when we talk about the national, patriotic, and popular war, we are referring to a completely integrated doctrine and strategy, in which the central nerve is the people's determination -- as demonstrated so far -- to mobilize with their weapons to defend their power. In other words, the essence for the implementation of the Sandinist doctrine in the military field lies in the people's moral determination and political willingness to defend their power, to mobilize -- as is currently being done -- to the war fronts, and their participation in the plans for an eventual direct U.S. intervention. Our specific plans -- as we are currently doing -- are implemented in close coordination with the mass political forces, the Army, the FSLN, and the regional governments.

It would be impossible to establish the great national network we have succeeded in spreading to guarantee an active, powerful defense in the face of a U.S. intervention without the organized participation of the people in their various political, state, and mass organizations. It would be impossible to distribute the thousands of weapons that we have given the people without those levels we have gradually arrived at.

[Question indistinct]

[Ortega] Naturally. We value our military doctrine basically from the standpoint of experience. Nicaragua has rich experiences regarding the phenomenon of war. We have been one of the world's first countries to withstand imperialism's attacks, and at various points in our history we have resorted to national war, from which we have accumulated a great deal of experience.

As revolutionaries, we have also learned from the just wars of other peoples, including the Vietnam war. We gained experience from that war. And as you said, indeed we have studied General Giap. Our experience shows that militarily we have learned to combine in a strategy of national defense a tactic that is eminently active and offensive against our enemies. This has allowed us to lead the counterrevolution into a process of strategic decline, which I explained earlier.

[Question indistinct]

[La Voz de Nicaragua reporter, interrupting] Commander Ortega is being asked whether there are concentrations of counterrevolutionary groups in Honduras.

[Ortega] The U.S. television networks have been able to confirm [changes thought]. Several months ago there were reports of a graduation ceremony the mercenaries had in a Honduran military training center. The concentration of mercenaries could be seen in that film. It results from the fact that we have expelled them. That was after July, I believe. Many counterrevolutionaries were forced to leave Nicaragua for their bases in Honduras and Costa Rica.

They maintain bases there, from where they continue their efforts to enter Nicaragua and stay in the country for a long time. When they fail, they pull out, but always at a higher cost, because as I said, we have advanced more. We have new units, we have organized the territory at the war fronts better with the territorial militias and other similar units. Currently, based on the option of escalating the conflict, the United States is careful to always maintain a good number of mercenaries in Honduras to operate routinely at the border and create a conflict with Nicaragua. As we said earlier, this even includes attacks by them on certain Honduran units in order to blame us.

[Lopez] Commander Ortega, Freddy Lopez of La Voz de Nicaragua. How many counterrevolutionaries are there inside Nicaragua? What are the possibilities that the enemy will be defeated in 1986?

[Ortega] Defeat cannot be measured as if it were a (?pinball) game that is over in 2 or 3 hours. The important thing is that the mercenary forces have entered a process of strategic decline. We hope, with the people's support, to multiply the effects of the current situation; that is, to exploit to the fullest the difficult position in which we have placed the mercenary forces this year so that the effects will be much greater in 1986 with regard to this process of definite defeat, which they will sustain with time. We believe that our plans will allow substantial advances in our blows against the mercenary forces.

[Reyes] Alberto Reyes of Radio Sandino. According to the map, the Atlantic area is relatively free of conflict or has little action in that regard. What could you tell the Nicaraguan people about the situation in Zelaya at the end of 1985?

[Ortega] We are not ruling out the possibility that the United States, in adopting the alternative plan that implies an escalation of the conflict, will step up the counterrevolutionary actions in the Puerto Cabezas and mines area. With what purpose?

To distract the efforts of the Army and government toward an area where access roads are a problem. They could attempt to liberate a portion of territory and attempt to establish some sort of provisional government there. They have attempted this in areas that are more important politically. We also do not rule out the possibility that actions in that area will be stepped up again. The CIA recently furnished approximately 30,00 pounds of supplies and food to the mercenary forces that are supposed to operate in this area in northern Zelaya. Over the past several weeks the mercenaries in camps in Honduras received approximately 30,000 pounds of supplies. Therefore, we cannot rule out the possibility that there will be action there.

[Question] I am [name indistinct] of CBS. I have two questions, Commander. First, I would like you to give us more details on the new counterinsurgency unit, where it is going to operate, and what role is expected from it second, do you anticipate any activity, let's say of much [word indistinct] from the contras?

[Ortega] These new unconventional units for special counterinsurgency operations and for special missions are characterized by greater specialization and professionalization than the current BLI's. In other words, numerically, and as part of the EPS, the BLI's continue to be the main units carrying out the Army operations against the mercenary activities. However, we still need units, such as the ones we have been creating and which have constituted a great step at the beginning of 1985, with more professionalism. As you know, there are youths within the BLI's who are demobilized. However, these new units will not be demobilized because they are permanent, professional Army units that will have a higher professional level and, furthermore, a specialization acquired through very difficult, intensive courses, taking into consideration the methods we have developed here in our country, as well as the methods in the Central American unconventional war and in the Vietnam war. Therefore, all of these units for tactical methods, special blows, and so on are also prepared to operate in the enemy's rearguard during an intervention and on special missions if necessary. Therefore, these are highly specialized units and they are more qualified, so to speak, than the BLI's. However, we must stress that many of these units were formerly members of the BLI's who decided to receive professional training in the Army and who joined the Army instead of demobilizing. With the military experience they had acquired during their 2 years in the BLI, they passed the courses and are now part of these new counterinsurgency and special mission units. Your next question is very important. I did not elaborate much on the subject during my discussion of the prospects for 1986. Although I did mention it at the beginning, we must stress that in 1986 they [the contras] will do everything possible to continue to create a real internal front with high political and ideological influence, and with a great capacity for sabotage and political attacks in order to try to compensate for their defeat in the military field by causing instability in the country's lungs and heart, the most populated economic areas, which are the most susceptible. We do not rule out the possibility of a more systematic sabotage of the production economy in the form of both large and small sabotage actions, and as I mentioned before, attacks from abroad on some strategic points, for example on the refinery which would affect all of the country's activities.

[?Caldi)] Commander Ortega, I am (?Arita Caldi) of Africa, Asia. Specifically, after the counterrevolutionary forces have used the arrows for the first time in Central America, what has changed? Or, what will change in 1986 in the balance of forces in Central America?

[Ortega] The use of the arrows should not be seen as an isolated fact. The delivery of the arrow by the United States is an indicator of its determination to escalate the Central American conflict, to escalate the conflict against Nicaragua. Therefore, the use of the arrow is nothing but the symbol of the determination to carry out that escalation together with all the other elements I have mentioned. Undoubtedly, it has been an act of great irresponsibility on the part of the United States to give the arrow to the mercenary forces, as it has practically initiated a process of instability for air traffic in the region, and even outside the region if the use of the arrow is generalized in 1986. Therefore, the arrow is one of the factors. There is also the decision to deliver the F-5 planes, the decision to create grave conflicts on the border, and the decision to attack the main strategic objectives from abroad with pirate planes and other means to prevent the advancement of the revolution in the economic field.

What will be the response of the people and the revolution to this situation? The result will be that we are going to enter a situation of great tension. If these plans are maintained instead of coming closer to the peace we desire, the situation will become even more tense. Therefore, we believe that it is necessary to continue protesting the delivery of the arrows as an irresponsible act that could lead to their indiscriminate use inside and outside the region. It is important to point out that we are witnessing an escalation of aggression that can quickly become a direct intervention by U.S. troops. Nicaragua will not remain passive in the face of attacks from abroad or of the plans for aggression against Nicaragua. If we remain on the sidelines and allow them to strike against us, then we will truly be putting the revolution in the enemy's hands. We cannot remain passive in the face of an escalation by them and by those whom the United States uses for the escalation. Therefore, to the extent that tensions escalate, they will be felt by Nicaragua and by those who are willing to be springboards for the U.S. plans.

What will happen? That everyone will become involved in the conflict and the United States will then justify a direct intervention in Nicaragua by reportedly supporting the democrats in the South and in the North? This is not a solution either, however. We do not want a step like that to be taken. It is no solution. The United States has the power and means to intervene in Nicaragua, but an intervention will not solve the conflict. We are certain that if the United States intervenes in Nicaragua the conflict will become more difficult for the United States. Therefore, the military option is not a solution. It will make things worse. We do not want this, but we will not kneel out of fear of that situation and surrender to their decisions.

[Question] [Words indistinct] in May of this year the revolutionary government made efforts to establish a dialogue with the Honduran military leaders. In view of the fact that Nicaragua foresees more conflicts at the border, I would like to ask you if Nicaragua has recently proposed establishing talks with the Honduran or Costa Rican military leaders.

[Ortega] Nicaragua has always maintained a policy which is open to dialogue, and seeks points of convergence to really begin easing tensions. We can learn to understand each other better by talking. In this regard, the concern shown by Panama's General Noriega has been very important in the efforts to hold a meeting and create this kind of climate. As he is a career military man, he has traditionally maintained important relations with the Central American military. We continue to maintain this position. We are open to this.

REPORTAGE ON ANPP 2D LEGISLATURE SESSION

Meeting Opens 27 Dec

FL271552 [Editorial Report] Havana Tele-Rebelde Network in Spanish at 1400 GMT on 27 Dec carries live coverage from Havana's Palace of Conventions of the opening of the ninth session of the second legislature of the National Assembly of the People's Government [ANPP].

The establishing shot shows the interior of the Palace of Conventions. The camera pans to Fidel Castro and his entourage as the Cuban National anthem is played. Raul Castro, Vice President Carlos Rafael Rodriguez, and other government officials are present.

ANPP President Flavio Bravo opens the session by greeting Comrade Fidel Castro and the comrades of the Councils of State and Ministers, members of the diplomatic corps, guests, deputies, then proclaims a quorum of 473 deputies and declares that the ninth session of the second legislature of the ANPP has begun. He then pays homage to deceased Comrades Raul Leon Torras, Emilio Cordoba, and others and asks for a minute of silence, at the end of which he refers to the minutes of the last session of the ANPP, of which each person present has a copy , and calls for observations or comments on them. No one comments and a vote is called for approval of the document; the document is unanimously approved by a show of hands.

Flavio Bravo then refers to other internal matters, including laws passed during the period July 1982-July 1985. He calls for discussion and approval of the agenda of the meeting, of which each person has a copy. The agenda includes:

1. Period of time and procedure to be followed in debating and approving the civil code;

2. Rendering of accounts by the Council of State;

3. Rendering of accounts of the Council of Ministers;

4. Sole plan for economic and social development for 1986;

5. Debate and approval of draft law on state budget for 1986;

6. Debate and approval of draft law of associations;

7. Report of Ministry of Justice;

8. Report of Provincial Assembly of the People's Government of Matanzas;

9. Report on international activity of the ANPP;

10. Proposed change of the presidents of the permanent commissions of the Ministry of Foreign Relations, and proposed global economic activities.

Flavio Bravo invites commentary on the agenda, and at 1410 GMT Comrade Luis Perez Perez is identified by name and proposes that a warm message of thanks to the Soviet people, government CPSU, and its secretary general be included in the agenda, expressing gratitude for the aid freely given following Hurricane Kate. The proposal and then the agenda are unanimously approved by a show of hands.

Raul Castro then suggests that other countries such as Bulgaria and other unspecified countries be added to the proposed message of thanks for aid given following Hurricane Kate. Carlos Rafael Rodriguez then suggests that certain international organizations which have given modest aid also be included in the message of thanks. Flavio Bravo proposes to Perez Perez and the assembly that a commission be appointed to draw up a document that includes the suggestions of Raul Castro and Carlos Rafael Rodriguez. Bravo further proposes that Carlos Rafael Rodriguez and Luis Perez Perez organize the commission; this proposal is unanimously approved.

Flavio Bravo then announces an agreement of the Council of State that Jose Aranaburo Garcia be relieved from the post of secretary of the ANPP because he has been assigned other duties, and that Luis Mendez Morejon be appointed to succeed him as ANPP secretary. These actions are unanimously approved.

Fidel Castro is then given the floor and speaks briefly of the replacement of Comrade Aranaburo "so there is no impression that Comrade Aranaburo has performed poorly." Castro praises Aranaburo's performance and describes briefly the posts Aranaburo has held, saying that Aranaburo himself had expressed a desire to head an activity related to his former profession as an educator. Castro says that after some study his request was judged reasonable and fair, and it was granted. Castro ends by saying that it seemed fair to him to make this clarification. His statement is followed by applause. Mendez Morejon is then installed as the new secretary and Aranaburo is shown being greeted by Castro and then leaving the dais to applause.

Flavio Bravo then turns to discussion of the proposed law of associations and calls for a vote on the law, stating that it must first be voted on in its entirety although it can later be amended. The law is unanimously approved and Bravo gives the floor to a legal expert who is to report on aspects of the law.

At this point, at 1419 GMT, staff announcer Manolo Ortega announces the return of the transmission to the studio. The transmission ends at 1420 GMT.

Further on 27 Dec Proceedings

FL280421 [Editorial Report] Havana Tele-Rebelde Network in Spanish at 2200 GMT on 27 December carries recorded coverage of today's meeting of the ninth session of the second legislature of the National Assembly of the People's Government [ANPP].

While the camera pans the presiding table, an unidentified journalist indicates that the law of associations was read and notes that it will regulate associations nationally.

ANPP President Flavio Bravo introduces Justice Minister Juan Escalona Reguera, who approaches the podium and begins reading an abridged version of the Justice Ministry report. He gives the historical background of the changes the ministry experienced during the transition made to a socialist justice system. Escalona notes that lay people have joined law professionals in legal proceedings. He points out that there are many women who are lay judges.

He says this shows the efforts they have made to insure a large participation of the masses. The justice minister mentions other areas in which the ministry is involved. Escalona Reguera requests further legislation to improve socialist justice.

Deputy Felix Moreno reads the assessment made by the ANPP Commission for Legal and Institutional Affairs on the Justice Ministry report. It praises the report and points out the aspects outlined by the ministry which need to be improved or modified. The commission proposed the National Assembly approve the following recommendations: That the Justice Ministry

1. increase its systematic training of judges and develop more intense work with the people's Supreme Court in the organization and general functioning of provincial and municipal courts;

2. submit to the Council of Ministers a bill to complement the administrative and labor actions in line with the penal system;

3. adopt necessary measures to promote the systematization of legislation to eliminate obsolete or useless laws;

4. the Council of Ministers' executive committee complete the process to regulate legal advisers' job descriptions to allow them to fulfill tasks more effectively;

5. provide special attention to lawyers' training, including scientific events, preparation and distribution of specialized information;

6. that the Justice Ministry adopt measures contributing to the improvement of its tasks in inspecting, supervising, and monitoring work centers by collective law offices;

7. that the Justice Ministry study and apply practical measures so that the payments office can collect civil responsibility monies.

The commission recommends that the assembly approve the Justice Ministry's recommendations.

Some deputies discuss the report by praising the job done since the triumph of the revolution. One comments on the report and questions why deficiencies in labor related issues have been steadily increasing. The justice minister answers by saying the main problems are lack of discipline and sound management and notes that there is a certain contradiction because even though productivity and efficiency have increased, lack of discipline on the work site has also increased. He explains that in some instances, a work center administrator applies sanctions to workers but fails to document the case properly and while the worker is taking his grievance to different court levels, he is not working. Even if the administrator's actions are justified, he says the judge is not able to dismiss the worker because of lack of evidence and he or she is reinstated on the job and entitled to receive back pay. Escalona says this is one of the situations they want to rectify through a bill the ministry will work on next year.

Central Organization of Cuban Trade Unions Secretary General Roberto Veiga expands on measures to fight labor indiscipline in work centers.

Cuban President Fidel Castro is given the floor and says laws to control indiscipline are very unpopular but necessary because he cannot say the people are excessively disciplined and admits that even the leaders have had to learn to be punctual. He notes that usually when something goes wrong, when there is an accident, lack of discipline is involved.

Castro stresses the importance of devising pertinent measures to insure the proper sanctions for those workers who show lack of discipline, while demonstrating fair treatment at the same time, which is indicative of socialist justice.

The Ministry of Justice's report and its assessment prepared by an ANPP commission is unanimously approved.

Flavio Bravo submits suggested changes for the chairmanship of two ANPP commissions. He says the chairmanship of the Commission of Global Economic Activities is vacant because Comrade Veitia is fulfilling an internationalist mission for an extended period of time. Flavio Bravo proposes Faustine Perez be assigned the chairmanship of the Commission of Global Economic Activities and Rene Rodriguez be named chairman of the Foreign Affairs Commission. The proposals are unanimously approved.

Bravo says they are commemorating the 25th anniversary of the founding of the Cuban Institute of Friendship with the Peoples. The assembly unanimously approves a resolution to salute this organization during its anniversary.

Severo Aquirre reads a report on the process which is being followed to discuss the civil code draft.

Flavio Bravo reads two letters sent by President Fidel Castro to him reporting the activities of the Council of State, including the changes made in various government positions since the last ANPP assembly. The two reports are unanimously approved.

ANPP foreign relations department [name indistinct] reads a report on the assembly's international activities. He underscores the important role Cuba has played in addressing the foreign debt problem of developing countries. He also notes the support Cuba has given to causes such as the Falkland Islands, Puerto Rico, and Nicaragua. He highlights Cuba's membership in the Latin American Parliament and its participation in international events. The report is unanimously approved.

The transmission ends at 0036 GMT on 28 December.

Labor Discipline Discussed

FL302000 Havana Tele-Rebelde Network in Spanish 2200 GMT 27 Dec 85

[Discussion of labor discipline by deputies, Central Organization of Cuban Trade Unions Secretary General Roberto Veiga, and Justice Minister Juan Escalona at the National Assembly of the People's Government at Havana's Palace of Conventions on 27 December -- recorded]

[Text] [Madruga municipality deputy [word indistinct] Lopez] with your permission, Mr Chairman, we wanted to ask Minister Escalona about the issues pertaining to labor justice discussed in the report on page 20 and 21 where important deficiencies of management in the area of labor discipline are noted. Six basic ones are listed and if we refer to the pamphlet that mentions other indicators related to justice activities on page 6, an increase of labor cases in municipal courts is noted from 1981 until 1984. This continues to show management deficiencies and they continue to grow each year. This should decrease instead of increase management cadres, and workers should have more experience, more leadership capabilities, more awareness. Many enterprises have legal advisers. The question is, why do you think this is happening?

[Flavio Bravo] The minister should answer this one.

[Juan Escalona] Comrade Chairman, we indicated in the report that the ministry's work will mainly be aimed next year at the problems of labor law. I believe we have discussed in the report a number of causes which bring about this situation. And, of course, undoubtedly there are two basic elements. There is a problem of lack of discipline and lack of leadership in some enterprises. We have also found in many of our courts some paternalism in connection with the application of labor law. We would like to find the middle of the road. [words indistinct] there have been some studies on new legislation on labor procedural rules which we hope will help if management at work centers use them effectively [words indistinct] graph on page 6 shows a very high amount of labor indiscipline, which evidently has been growing since 1981 until 1984 and regretfully in 1985 is not any better.

There is an apparent contradiction in that in 1985 the country has been able to improve its efficiency, fulfill very tight productive plans and, at the same time, these graphs show an increase of lack of discipline. I believe it is [changes thought] in the fulfillment of 1986 plans -- which are also tight -- we will have to decrease the bars of this graph indicating labor indiscipline if we want to achieve the goals the party and the government have set.

[Flavio Bravo] Comrade (Arol), are you satisfied with the response?

[(Arol) Lopez] Yes, I agree.

[Flavio Bravo] Someone else wants to discuss the report or the assessment? Comrade Deputy Pablo Hernandez Bello from Nueva Pas has the floor.

[Pablo Hernandez Bello] From Santa Cruz del Norte. Regarding what Comrade Araldo [as heard] was saying on the poor handling of worker's discipline measures and that the state has to compensate them because of this poor management, we believe that one of the measures that can decrease this is to make the management at work centers pay. We say this [passage indistinct] there is no reason to apply the wrong measures or send the worker home. This happens because the management at the work center sanctions a worker and later the chief manager does not attend the trial; a second or third person in line goes. And these cases are not closely followed. The result of these cases is that John Doe pays for them, the revolution pays for them. With all the measures the government has, with all the teachings and justice the Justice Ministry has practiced, the poor handling of cases increase, and they are not justified, as the comrade pointed out. It should decrease because the people and the revolution are trained in this. If it happens it is because the problem is not followed closely and because it does not cost the ones applying the measures. I believe if the work unit manager does not pay for the entire worker's compensation he or she should pay at least a percentage. This is my concern.

[Flavio Bravo] Thank you very much, Comrade Aroldo. [as heard] Does anyone want to address this subject? Comrade Escalona?

[Juan Escalona] Mr Chairman, there is an interrelation of responsibilities in all this. It is not only subject to measures adopted by the Justice Ministry but also to the putting into practice of the labor code. When we indicated in the report the need to legislate over the work of the organ's legal advisers, we also referred to this. The labor code notes that the management at the work centers has to be represented in a labor proceeding by one of the directors. This has created the situation that the comrade was mentioning. The director who imposed the disciplinary measure is not always the one who appears in court to defend the interests of the management of the work center.

It may be that the judges see that a worker has had no previous offense, no previous reprimand, a clean record, even when there may be facts that justify the management's decision. But since the personnel record is not properly documented, the judge has his hands tied and has to try to figure out what kind of person he has before him and how his behavior has been at the work center.

Recently, the Supreme Court's government council [words indistinct] but as the enterprise's legal representative to attend labor disputes and represent his enterprise's interest. We imagine that this lack of defense of the enterprise, because of the management's negligence, can be resolved because the adviser will go as the enterprise's attorney to enlighten the court on the reasons for this decision. Why do we say it affects the enterprise's economy? Because presently, the current labor code provides up to 1 year to revise the case. During the year that the worker is appealing his case from the municipal court, to the provincial court, to the Supreme Court, he does not work. But because the enterprise's interests are not properly defended, finally, the worker is reinstated at the work center and the enterprise has to pay the year the worker was unemployed. These are problems we wish to resolve with the bill we are going to work on next year.

[Flavio Bravo] Comrade Veiga has the floor.

[Roberto Veiga] Comrade Chairman. [Words indistinct] because if there were no previous actions by the management against the lack of discipline, [words indistinct] if there is an action [words indistinct] it can be the case that more records create a higher index of indiscipline and it does not necessarily [words indistinct] which does not mean that there was not indiscipline before.

In the preparatory process of the agenda of the last congress of the central organization of Cuban trade unions, it was brought up in some of the work centers. Faced with the fact that a large number of workers had to be compensated as a result of court judgments, some workers proposed that such compensations be paid by the management. Finally, the congress did not reach a decision on the proposal, and reason for not reaching a decision was discussed.

It was decided that on the one hand, when the verdict of a higher court is delayed a long time, [passage indistinct]. It is not possible for a manager to pay such compensation with his personal financial resources. On the other hand, we were troubled by the idea that such an action would limit the authority of Decree No 32. In the end we were facing a very critical situation with respect to labor discipline, which was publicly noted by comrades Fidel, Raul, and other leaders of the revolution. This is why Decree No 32 was promulgated, giving the power to the administration to take action in repeated cases of labor indiscipline.

Aside from the criticism we might hear in connection with the misuse of Decree No 32 or in applying it -- deficiencies which, of course, we must struggle to overcome, and the one noted there is one of them -- we feel that Decree No 32 has been a tool that has helped check labor indiscipline at work centers. It has contributed to resolving some of the problems where in some cases the existing laws rendered the administration powerless to confront labor indiscipline.

If we demand that the administration pay for the mistakes resulting from application of Decree No 32, that could lessen the authority of that decree law because many managers, when faced with the possibility of making a mistake and having to pay compensation for such a mistake, could find themselves eluding or limiting the application of Decree No 32, and that would lessen the authority of a legal instrument which in reality has helped us a lot in the struggle against labor indiscipline.

I feel this problem is very important, and I understand the spirit of the proposal and the concern of the comrade, but I feel we should seek other formulas such as the one proposed by Comrade Escalona to resolve the problem before us. I do not believe that demanding that the administration pay for a mistake of such type will help us solve the problem. I believe it will complicate the problem and lessen the authority of Decree No 32.

[Flavio Bravo] Thank you very much, Comrade Veiga. Comrade Fidel has asked for the floor.

28 Dec Proceedings Begin

FL281756 [Editorial Report] Havana Tele-Rebelde Network in Spanish at 1616 GMT on 28 December carries recorded coverage of the second and final day of sessions of the meetings of the ninth session of the second legislature of the National Assembly of the People's Government [ANPP].

The establishing shot shows the interior of Havana's Palace of Conventions. The camera pans the dais, showing Fidel Castro in attendance, then fixes on ANPP President Flavio Bravo Pardo, who opens the session by declaring the existence of a quorum. Bravo immediately gives the floor to Comrade Faustino Beato Morejon, president of the Provincial Assembly of the People's Government of Matanzas, who reads a summary of the report of the Matanzas Provincial Assembly a copy of which has already been distributed to each person in attendance.

The report represents a rendering of accounts by the Provincial Assembly to the National Assembly, and is essentially a progress report. The report, according to the speaker, covers "the creative work of the revolution in Matanzas Province." It includes information on mass support of the people's government, with 99.4 percent of all voters participating in the 1984 elections in Matanzas Province. It also includes such economic information as the 78-percent increase in productivity per worker in the past 10 years, the 91-percent increase in gross production in the same 10-year period, the 10-fold increase in citrus fruit production, and mention of investments in roads, electrification, communications, canning plants, plus increases in the production of milk, beef, pork, poultry, rice, sugarcane, and sugar, and the plans to improve and increase production in certain fields.

The development and construction of new hotels in Siboney is reviewed, together with the corresponding increase in tourism. Also reviewed are new construction projects, the enlargement of existing industries in Matanzas Province, and improvements in public health programs, installations, and personnel. Public education, restaurant activity, housing construction, rural electrification, the extension of telephone service, energy and fuel conservation, and increasing agricultural cooperativism are all reviewed, as are the effects of Hurricane Kate on Matanzas Province and the ensuing program of reconstruction and replanting of crops.

The existence of unprofitable enterprises is reviewed, together with the need to use raw materials rationally. Improved services to the public are called for although progress under the revolution is stressed in all fields. At 1641 GMT Beato ends his 24-minute presentation to applause, led by Fidel Castro, who is shown standing and applauding vigorously.

Flavio Bravo thanks Comrade Beato for his magnificent report and gives the floor to Pablo Otero Gonzalez, who reads a report by the Commission of Local Organs of the ANPP on the attention given to complaints and suggestions in Matanzas Province. Otero reviews the increase in construction activities, educational activities, and tourism. He reviews the improvements in public health services and installations, in recreational installations, public services and hygiene, and local industries.

He describes increases in meat and vegetable production, then goes on to describe fuel conservation and the decrease in traffic accidents. In the report, the Commission of Local Organs makes several recommendations including measures to increase investment, to improve local bus service, etc. Otero ends his 12-minute presentation at 1653 GMT, and the transmission ends at 1654 GMT without prior announcement and regular programming is resumed.

Budget, Economic Plan Approved

FL310218 Havana Television Service in Spanish 0100 GMT 29 Dec 85

[Text] The ninth session of the National Assembly of the People's Government [ANPP] has concluded with closing remarks by our commander in chief, Fidel Castro, first secretary of the Central Committee of the party and president of the Councils of State and Ministers. Here is our report from the Palace of Conventions:

[Begin report] In its ninth session, the ANPP debated and approved the reports on the draft laws on the sole plan for development of the economy and the state budget, both for 1986.

The sole plan forecasts an upturn in economic activity for the economy as a whole and an improvement in the living conditions of the Cuban people as a whole despite the negative effect of the low prices of sugar and petroleum products on the world market, the increase in prices of some of the products we must import from convertible currency areas, and the adverse climatic conditions that have affected us this year.

Continuing the information on aspects of the economy, the plan maintains the established order of investments and emphasizes the acceleration of the principal projects and the completion of a large number of them. Existing economic policy will be continued in 1986, with priority given to increasing exports and the production of products to replace imports. With regard to the people's standard of living, the levels of consumption achieved in 1985 will be maintained, with improvements scheduled in health, education, and other services.

The state budget for 1986 has as its basis the maintenance of the increase of industrial efficiency and the conservation of all economic resources. The 1986 budget calculates 1986 income at 12,018,200,000 pesos and expenditures of 11,996,900,000 pesos, with a budget surplus of approximately 2 million pesos. A total of 2,626,500,000 pesos is budgeted for public health and education, and more than 3,950,000,000 are budgeted for the productive sector.

On 29 December, during the seventh session of the ANPP, our commander in chief called for a people's economic war. To put into effect the sole plan for economic and social development of 1986 and the 1986 budget law, it is necessary to increase conservation measures as applied to energy resources and progressively raise the goals for economic efficiency. The ANPP has designated the Ministry of Basic Industry and Havana Province to render accounts during the 10th session to be held in July 1986. It also agreed to designate 1986 the year of the 30th anniversary of the Granma landing. [end report]

1986 Economic Estimates

FL311741 Havana Television Service in Spanish 1800 GMT 30 Dec 85

[Text] We are close to a new year, and with it, the beginning of a new economic 5-year period.

The National Assembly of the People's Government [ANPP] has turned into law the bill on the sole plan for the state's social and economic development for 1986.

For these 12 months of work, a 3 to 3.5 percent growth in the gross national product (producto social global) is expected. National income is expected to grow between 4.5 and 5 percent. It is estimated that other economic indexes, such as productivity, which is expected to grow about 3 percent, will also grow.

During 1986 the policies of savings, efficiency, and rational use of material and human resources will be carried out. In the international arena, exports will be increased, especially on new and non-traditional comodities. Per capita consumption levels will be maintained and, in general, an effort will be made to improve other standard of living indicators, emphasizing the quality of goods and services offered to the people.

The 1986 plan also provides for an increase of meat products in the parallel market and in the supply of domestic detergent and laundry detergent. Liquified gas service will be increased and it is estimated that 3 million liters of paint will be available in the market. These are some of the figures estimated for next year. To make the 1986 goals a reality, the participation of all the people, to work with more efficiency and awareness, is needed.

Castro Speaks

FL312154 Havana Radio Reloj Network in Spanish 1902 GMT 30 Dec 85

[Text] In closing the ninth session of the National Assembly of the People's Government [ANPP], Commander in Chief Fidel Castro said next year will also be a year of great work, but we are sure that the coming year and the coming 5-year period will also be successful. In his 2 and 1/2 hour speech, Fidel expressed a series of reflections and impressions of the work done in our country in 1985, and of other international matters he had discussed at the plenary meeting of the party's Central Committee, in order to share the optimism and satisfaction with which we are going to receive the 27th anniversary of the triumph of the revolution.

Fidel said that this year there has been a leap in the quality of the work of the party and state, the measure of which can be given by the increase in efficiency.

Fidel referred to the proposals made more than 1 year ago at the energy forum regarding the measures that should be taken to resolve the chronic problems of the country's economy. He said the starting point was the premise that we were able to confront the consequences of the economic crisis and project development for the medium range.

Our commander in chief discussed the origins of our economic problems, saying that the United States is subjecting Cuba to economic harassment. He said the United States committed France, Italy, Japan, and the FRG to not export to the United States a single piece of machinery or a single ton of steel containing Cuban nickel.

The top leader of our revolution told the ANPP that what imperialism is doing to Cuba to try to impede our economic progress is an obsessive mania. After they have made so many attempts to destroy us, it turns out that exactly the opposite of what they have imagined is happening, Fidel said. He explained how they are attempting to frustrate our success in medicine, saying they are mistaken if they believe our medical development is going to depend on them.

Logically, he said, cooperation and the exchange of information is of interest, but our medical development is not based on information we received because there are already some fields in which we are competing with them.

Fidel referred to the advantage Cuba has over the other Third World countries with our economic relations with the nations of the socialist camp, saying this advantage should be used for future benefit. Our top leader explained that we are seeking more solid and secure development in all fields, based on energy conservation and on the use of cheaper energy such as nuclear energy.

Fidel also discussed convertible exchange and the emphasis placed on increased production to replace imports from the capitalistic area and to increase exports to that area, to acquire products or raw materials that cannot be obtained from the socialist camp that are indispensable to us.

Our commander in chief also referred to the adoption of measures to perfect the system for managing and planning the economy, with greater participation by all sectors. For this reason, in the Central Committee we said that 1985 was excellent from a subjective point of view, Fidel said. He said that in certain data of the economic plan it is observed that the economy has grown 4.8 percent while fuel consumption has been less than in 1984. He also said that a series of sectors grew and conserved raw materials, and that the conservation and production goals drawn up in late 1984 were met.

Fidel said that this year we have had to confront objective problems that were very unfavorable, including the drop in sugar prices to less than $.03 per pound. Regarding the drought, Fidel gave detailed information on rainfall, saying that during the first semester it did not rain.

Our commander in chief also referred to the passage of hurricane Kate, which passed over eight provinces when the sugarcane was recovering and the harvest was about to begin. He said that because of all these elements he had said that 1985 was an excellent year from the point of view of the effort made by the entire people, by the entire country, the party, and the government.

Our commander in chief stressed the spontaneous offer of the USSR to help us repair the damages caused by hurricane Kate, mentioning the delivery of 100 percent of everything requested. That was really very valuable aid, Fidel stressed.

Passing to another subject, he discussed the drawing up of the 1986 plan, in which all sectors participated, which provided for economic growth of 3.5 percent, which is more modest than in 1985. That is, despite the drought, the hurricane, and all those problems, we propose to achieve an economic growth rate of 3.5 percent, he said. Fidel said that the most solid part of the basis for our development is our relations with the socialist community and with the USSR.

Fidel spoke of the tremendous possibilities that are becoming evident in the field of medicine, supporting this affirmation with the example of the results obtained in the family doctor program. He said more than 400,000 persons are now being attended by these family doctors and the number will grow to 1.5 million next year. Fidel asked the comrades of the party and people's government to give special attention to the contingents of young physicians who belong to that program. He explained that the party has been working for months because in August there was a certain increase in the people's complaints against hospital services. We propose to carry out a crusade to raise the quality of medical services, and I am sure we are going to achieve this, Fidel said.

Fidel referred to the improvement in educational services, citing the example of the double session in the primary grades, the greater experience of teachers and professors, the program to provide training on computers at the secondary school level, and the vocational schools that have gradually been converted into preuniversity schools for the exact sciences. He said this is already bearing its first fruits because, in the recent mathematics Olympics, Cuba won second place over all the countries of Latin America. He also mentioned the results in sports and in training physical education teachers, saying we will continue to be a power in sports and will continue to develop sports.

Regarding the pressing housing problem, Fidel said there is hope for the first time, based on the great construction materials factories that have been built and on the joint efforts of the state and the people. He also referred to the advances to be made in research centers, citing as an example the fact that when the genetic engineering and biotechnological center is completed on 1 July 1986 we will be among the world's seven most advanced countries in this field. No matter where we look there are excellent perspectives, Fidel said, citing the enormous defense effort.

Fidel referred to the multiplication of our defensive capacity in the last 5 years. He said that if from the quantitative point of view we have tripled our capacity, from the qualitative point of view we have increased it ten-fold, a hundred-fold. I believe we have really created the conditions to guarantee the defeat of any imperialist invasion of our homeland -- if it were attempted -- with the new concepts, with the people's war concept, with the preparation of the entire people for that war, with the preparation of the state, the country, and of our entire society. Even the pioneers want to prepare themselves and participate, our commander in chief added.

Fidel briefly reviewed the phases our people have lived through: their revolutionary spirit first and the political consciousness they acquired later, and the early days of the revolution with illiteracy, 3,000 physicians, and few university professors. He compared this with the completely opposite situation that exists today, mentioning the provincial reports on this subject to the ANPP reports in which everything the provinces were lacking then was described clearly, in contrast to the great deal they have now in educational facilities, public health, social security, industrial projects, and development in general.

Fidel mentioned a few ideas that had been presented in the Central Committee meeting on how we should perfect our work to build socialism. He began by saying that capitalism cannot do what we can do in education, public health, and science. The possibilities of socialism, he said, are absolutely unlimited. Capitalism cannot have these possibilities. Socialism is a really human system in which the problem of one man is the problem of the entire society, in which every person has the solid support of everyone. This cannot exist in a capitalist society. Our system is very superior; I see infinite possibilities in socialism, Fidel said.

Referring to the way to perfect our system by overcoming subversive factors, Fidel mentioned the real tapping of human resources, reminding us that in some places there is high productivity with few workers, and in others there are inflated numbers of workers. He spoke of the need to lighten all those structures and reestablish multiple trade, in order to conserve resources. He gave the example of surplus teachers -- whom the Ministry of Education was able to retrain and whose level of competence it was able to increase, saying that paying professionals to study for some time will be applied also to physicians.

Fidel said it has proven that efficiency is determined by the training of different level personnel, for which reason he ratified his stance on the importance of training and retraining the nation's technical personnel.

I believe, he said, that development also demands the use of automation techniques, and the solution to excess personnel is not to inflate payrolls; the solution is retraining, raising their level of ability, preparing them. It does not mean, and I repeat, that we should take quick action everywhere, creating problems. No. What I propose is that we meditate, that we calmly and serenely study all these problems and seek the solution that I am sure will give us total superiority over the capitalist system.

Fidel dedicated the last part of his address to the great battle Cuba has been waging against the foreign debt of Latin America and the Third World during the past year. Fidel referred to the formulas the imperialists have been inventing, such as the Baker Plan, to lend out a little money, while the economic crisis gets worse every day. Imperialism is sailing against the wind in this hemisphere, he said; all the objective sectors are opposed to imperialism, which is faced with unsolvable problems, our commander in chief said.

To attack a country like Nicaragua, he said as an example, would really be to create the conditions for a hemispheric explosion. We do not want them to make this error. We hope they will not do it but we are not sure that they will not do it, he said.

Fidel referred to our improving relations with Latin America, to the fact that ties of unity are being developed between the Latin American peoples, and that the crisis, which is in his opinion the greatest in the history of the hemisphere, will make a considerable contribution to the rapprochement and unity of the peoples of Latin America, and to political change.

Finally, he spoke of the preparations for the third party congress, for the preparation of the materials and the draft program that will be presented to a later meeting for approval. Later our commander in chief said that conditions are optimum for the congress. It will be an opportune congress at an opportune moment that has really promising perspectives, he said.

More on Castro Speech

FL011924 Havana Television Service in Spanish 1800 GMT 1 Jan 86

["Excerpts" of speech made by President Fidel Castro at the closing ceremony of the National Assembly of the People's Government meeting held at Havana's Palace of Conventions on 28 December -- recorded]

[Text] This year, 1985, has been a year of great efforts, of a lot of work for all, by party and state leaders, cadres, and of great effort and work by all our people. These efforts have yielded visible results. All this is more noteworthy if one considers that in addition to efforts made in production and services, great efforts have been made in defense. You have witnessed it during all these years. This year, you have spent many hours preparing and organizing defense activities and this rewards the work performed during the last years. This shows that revolutions do not and cannot age. [applause] This is also evidence that the work of the revolution never ends and cannot end.

In a few weeks we will hold our third congress. I believe that we have the best conditions for the congress. It is going to be an opportune congress, held at an opportune time, with promising results. I believe that next year will also be a lot of work -- all coming years -- but I am sure that next year and the coming 5-year period will also be successful. I wanted to share with you these thoughts. With this optimism and this personal satisfaction we are going to receive the new year and the 27th anniversary of the triumph of the revolution. [applause]

DEFECTOR IN SPAIN ATTACKS CUBA'S 'DICTATORSHIP'

PM011724 Madrid ABC in Spanish 22 Dec 85 pp 50-51

[Alfredo Semprun report: "'Fidel Castro Knows I have Enough Information To Sink My Country's Economy Anytime'"]

[Text] Madrid -- Manuel Antonio Sanchez Perez, the vice minister who was almost kidnapped by four officials of Havana's embassy in Madrid, telephoned our newspaper Friday to announce that the government daily [reference to EL PAIS] had edited out of his interview most of his criticisms of the Castro dictatorship. "Those criticisms formed the basis of my application for political asylum in Spain." The vice minister's statements to ABC were made late Friday night, so they could only be printed in late editions of yesterday's paper. However, in view of their unquestionable interests, we reprint the interview today, Sunday, so it can reach all our readers.

As we said in our late edition yesterday, the government allocated the interview to a sympathetic newspaper in order to divert attention from the real diplomatic scandal: Four Cuban officials tried to carry out a kidnapping on Spanish territory but were released after just a few days.

Manuel Antonio Sanchez Perez seemed amazed by the speed with which "the Spanish authorities allowed me to meet with journalists" and said the interview "was not requested by me or coordinated by me. I merely granted it. That daily published what it wanted to, but it also omitted that which it wished to omit. This is why I have called you, since over the past few days I have been able to verify the accuracy and fairness of your reporting." Referring again to the government daily, he added: "I cannot say that that item included anything that I did not say, but I must state -- without disputatious intent -- that I would describe it as an 'original' interview."

Manuel Antonio Sanchez Perez, Cuban by birth and 40 years old, without any fixed abode although resident in our capital and in possession of temporary asylum identity card number 4351, case number 617004, dated 9 December 1985 and issued by the Central Immigration Office, went on: "I have never tried to be or become someone of public interest. But, unfortunately since my government has declared against me the dirtiest war I can imagine, I will fight back."

He does not believe that his application for asylum is an act of treason and asks that "via ABC the Spanish people recognize that I am not a spy and do not consider myself a traitor to my country. What I am -- after many years of living a deceived life, working enthusiastically for what we call there the 'triumphant revolution' -- is a convinced believer that behind that 'revolution' there is no desire to achieve any social justice or genuine national resurgence."

Sanchez Perez nostalgically recalled the beginnings of the Castro regime: "When the Batista dictatorship came to an end I was 14 and still at a school run by the Salesians. At that moment all Cuban families asked themselves the same question: Either we leave our homeland or stay, joining the demand for justice and renewal (I can assure you that under Batista Cuba was the whorehouse of wealthy North Americans), which Fidel Castro brought with him from the Sierra Maestra, either deceitfully or in good faith, after a long period of fratricidal war which claimed over 90,000 lives. We stayed and, despite my youth, I committed myself fully to the task of making Cuba a decent country with no masters other than the Cubans themselves. The continuous external aggression caused us to become more and more radical. This is why we reached Marxism-Leninism.

Despite that ideological transformation I still believed in the process on which we had embarked...."

He began his political career at 17, "when I was chosen to study and specialize in economics in East Berlin. On my return to Cuba 5 years later in 1967 I was appointed to the Central Planning Board as an investments specialist. In 1974 I was appointed director general of investments. I was 30 at the time and I began to realize that the calculated targets were not being achieved, through the fault of the system, solely because of the political submissions we Cubans are forced to accept. But disenchantment had not yet appeared. I carried right on."

Then came his final promotion to a key post in one of the dictatorship's most important ministries: "There was a drastic state reorganization, the so-called Council for Technical Maintenance and Material Purchases [Junta de Mantenimiento Tecnico y Adquisicion de Material], which was in fact a powerful ministry spending over $300 billion a year [sentence as published]. Having taken an active part in drafting the Second 5-Year Plan in 1982, at the age of 36 I was appointed assistant to the minister with the rank of vice minister. My superior was, and is, a woman, Irma Sanchez Valdes, a Cuban Communist Party Central Committee member. I worked inthat post until the present...."

[Semprun] What was your real task?

[Sanchez] I received all the import proposals from the ministries and it was up to me to report back, favorably or otherwise. This was how I was able to realize that the "revolution" was a cheat for the Cuban people; that their prosperity was not really being sought; that we had simply changed masters.

[Semprun] So where is the danger that you seem to represent to your government, which even prompted it to organize the kidnap attempt on you?

[Sanchez] It is due to the many very valuable secrets I learned through having to consider the approval of certain items of expenditure. Bear in mind that both the Armed Forces Ministry and the Interior Ministry were under my ministry's economic control.

[Semprun] When did you actually experience the final disenchantment and desire to leave Cuba and its system behind?

[Sanchez] I believe that when Carter opened the door to all Cubans wanting to go to the United States, Fidel Castro consulted his interior minister and asked how many Cubans he reckoned would ask to leave the country. The interior minister indicated to him an approximate figure of 2 million, which enraged Fidel Castro. Soon afterward he had to bow to the evidence and ordered the dirty political maneuver of opening the prisons to show that those who wanted to leave and were leaving were all the perverts, homosexuals, and so forth. At the same time the applications from genuine Cubans wanting freedom and a life without fear -- without the terror experienced in my country -- were turned down. I had to seek somewhere that would give me the freedom to tell the world in a book that Cuba has full employment and social security thanks to the economic aid of the Eastern world... If some day that money were to stop flowing into Cuba my country's living standards would be much lower than Bolivia's.

[Semprun] So you prepared for your departure....

[Sanchez] Yes. It was then that I began to take advantage not of the corruption that exists in my country but of the opportunities granted to me by my position of conducting business or buying and selling shares and placing them abroad for a fixed term.

When I had accumulated enough capital to publish my book I decided to leave everything and start a new life.

[Semprun] What about purchases of dual-use technology?

[Sanchez] Of course, I know a great deal about such transactions. But, despite what has been said, that was not my job. My threat to the Cuban Government stemmed from the fact that I can tell my country's enemy how and when he can bring down its economy.

[Semprun] What is the truth about the 72 joint enterprises?

[Sanchez] They are absolute chaos, but this will be resolved because it is planned, or was planned, to create a single joint enterprise dependent on the Foreign Ministry on the Cuban side....If you are referring to the suggestion that "they are a nest of spies," then I would reply that I do not know, but that is possible.

[Semprun] What are you hoping for now, Mr Sanchez?

[Sanchez] At the moment I am hoping to be granted permament political asylum, and to settle down, once my situation has been clarified, to write this book with which I hope to serve not only Cuba but all the Third World peoples who are being told about prosperity and freedom through Marxism-Leninism.

PERUVIAN PRIME MINISTER A. CASTRO TOURS HAVANA

FL302036 Havana Television Service in Spanish 1800 GMT 30 Dec 85

[Text] Peruvian Prime Minister Luis Alva Castro has visited Havana's historic center. Alva Castro is paying a visit to our country invited by our Commander in Chief Fidel Castro, president of the Councils of State and Ministers.

During a tour through remodeled areas, the Peruvian prime minister was accompanied by Council of Ministers Vice President Jose Ramon Fernandez and other Cuban leaders. The distinguished guest is heading a delegation composed of Fishery Minister Jose Palomino, and People's Cooperation Minister Victor Lopez.

HAITIAN PEOPLE OPENLY PROTEST AGAINST REGIME

PA012305 Havana International Service in Spanish 2310 GMT 30 Dec 85

["Our America" commentary]

[Text] A few weeks ago, a Western news columnist stated that the reestablishment of democracy in some countries of South America is positively influencing those Latin American and Caribbean countries where dictatorial regimes still prevail. The Western columnist is not far from the truth; however, he failed to add that together with the influence that those democratization processes could have on the repressive regimes of the area, there has been a noticeable surge in the struggle for the liberation of the peoples. This is the case of Haiti, the poorest and most [word indistinct] country in Latin America and the Caribbean, where for almost 30 years the Duvalier dynasty has maintained a bloody repression that has cost the lives of many people.

There are signs that Dictator Jean-Claude Duvalier has reasons for feeling uncomfortable on the bloody throne. The recent demonstrations in Goave and other cities throughout the country represent the warning signal confirming that the people of this Caribbean nation have kept their historically recognized love for freedom alive.

A few days ago the Haitian authorities expressed their concern over an incident that had not occurred in years. Hundreds of people banged on the walls and pews of the churches as a sign of protest. This was a ritual practiced in the past and only during Holy Week and [words indistinct]. It was done at the precise moment when the Gloria was sung during Midnight Mass. In a country of deep religious beliefs, like Haiti, such a ritual is important but it becomes even more important when it is done as a protest against the regime.

Francois Duvalier, founder of the current Haitian dynasty, banned the ritual back in 1957 because he feared that it could become an antigovernment action. Today, 28 years later, the same ritual frightens and concerns the current Haitian authorities.

After the [word indistinct] protest that took place in Port au Prince on 18 December, Haitian Foreign Minister Jean-Robert Estime quickly traveled to the United States to receive instructions. The Haitian regime survives thanks to Washington's ideological and political support and it is not healthy for Duvalier to [words indistinct]. The U.S. rulers have paid little attention to the Haitian people during the Duvalier years. However, they would not take a bloodbath in Haiti very lightly.

But the people's unrest will not disappear even if the White House becomes involved. Just like a columnist recently said: The fact that darkness was beaten in Haiti during a period other than the Holy Week is a sign of the times. Patience has its limits and this is what the Haitian people are telling the regime. This is no voodoo trick to overthrow the Duvalier regime. It only means that the time has come for fear to turn into a withdrawal.

NATIONAL BANK HEAD MEETS WITH URUGUAY'S IGLESIAS

FL281238 Havana Radio Progreso Network in Spanish 1200 GMT 28 Dec 85

[Text] Uruguayan Foreign Minister Enrique Iglesias has held a long cordial meeting in Montevideo with Minister President of the National Bank of Cuba Hector Rodriguez Llompart, who has completed a 2-day working visit to Uruguay. Rodriguez Llompart is the first minister to visit Uruguay since diplomatic relations between the two countries were reestablished last October.

BARBADOS

ST JOHN COMMENTS ON PROPOSED GUYANA SANCTIONS

FL311545 Bonaire Trans World Radio in English 1130 GMT 31 Dec 85

[Text] In Barbados, Prime Minister Bernard St John has avoided outright condemnation of the latest developments in Guyana. He spoke at a news conference yesterday in response to recent calls for Caricom states to impose economic sanctions against the Guyana government and remove the secretariat of the Caricom headquarters from Georgetown.

Mr St John says Barbados is seeking to influence events in Guyana by its own example of free and fair elections. He suggests in the absence of a separate Caricom human rights treaty there is very little that the rest of the Caribbean can do in relation of the accusations of electoral fraud and human rights abuses in Guyana.

HAITI

RADIO RESUMES BROADCASTS AFTER 1 MONTH SHUTDOWN

FL311528 Bonaire Trans World Radio in English 1130 GMT 31 Dec 85

[Text] In Haiti, Catholic-run Radio Soleil resumed operations yesterday, nearly 1 month after it was ordered shut down by the government for reporting unrest and violence in Haiti. Radio Soleil resumed broadcasts by transmitting music but no news.

Radio Soleil was closed by the government on December 5th after the station reported the police killings of four students and the ensuing unrest that sparked demonstrations in several towns and cities. The station also protested the killings, urged the government to declare a national day of mourning, and transmitted criticism from leading Haitian human rights advocates.

JAMAICA

PRIME MINISTER SEAGA CONFINED TO BED WITH FEVER

FL010026 Kingston Domestic Service in English 2230 GMT 31 Dec 85

[Text] Prime Minister Edward Seaga has been advised by his doctors to rest. He has been confined to bed because of fever and inflamed tonsils. Jamaica House, in a release this afternoon, said that because of his illness the prime minister will not deliver his traditional New Year's message. It is expected that the prime minister will do so at a later date.

NETHERLANDS ANTILLES

ARUBA INITIATES TRANSITION TO INDEPENDENCE

FL311919 Bridgetown CANA in English 1852 GMT 31 Dec 85

[Text] Oranjestad, Aruba, Dec 31, CANA-REUTER -- To the boom of a 21-gun salute from a Dutch frigate anchored offshore, this arid Caribbean island sets out at midnight on a 10-year transition to independence.

Aruba, with a population of 67,000, will pull out of the Netherlands Antilles, a self-governing federation of Dutch Caribbean islands, to become an autonomous territory. The Hague will continue to manage its defence and foreign affairs until full independence in 1996.

A multi-denominational religious service will be held outside [words indistinct] shortly before the red, white and blue flag of the federation is hauled down at midnight and Aruba's own blue flag with a single red star is raised in its place. A planned firework display to usher in Aruba's Status Aparte (separate status) had to be called off after somebody stole the 5,000 dollars worth of fireworks.

Prime Minister-designate Henny Eaman, whose four-party coalition won 13 of the 21 seats in parliament in elections on November 22, will be sworn in tomorrow.

The new cabinet of Aruba, which will be sworn in tomorrow by Governor Felipe Tromp, is as follows:

Prime Minister -- Henny Eaman (AVP) [Aruban People's Party]
Finance -- Armand Engelbrecht (AVP)
Justice -- Watty Vos (AVP)
Education -- Mito Cruz (AVP)
Economic Affairs -- Leonard Berlenski (Aruba Democratic Party)
Communications -- Benny Nisbet (Aruba Patriotic Party)
Utilities and Public Works -- Charo Kelly (National Democratic Action)

TRINIDAD AND TOBAGO

PRIEST ARRIVES FROM GUYANA, ALLOWED TO STAY

FL012236 Bridgetown CANA in English 2225 GMT 1 Jan 86

[By Debra Ransome]

[Text] Port-of-Spain, Trinidad, Jan 1, CANA - Patrick Connors, a British-born Jesuit priest deported from Guyana today, arrived here without his passport but was given permission to stay by immigration authorities, Roman Catholic Archbishop Anthony Pantin said.

Connors, 51, was not available to speak to reporters and Pantin said he was incommunicado. A resident of Guyana for 21 years, Connors has been the focus of deterioriating church/state relations in the republic after the government deemed him to be an undesirable and ordered him to leave by yesterday.

OPPOSITION PARTY DISBANDS TO FORM COALITION

FL311510 Bonaire Trans World Radio in English 1130 GMT 31 Dec 85

[Text] In Trinidad, Opposition Leader Karl Hudson-Phillips has disbanded his political party in an attempt to improve a coalition group's chances of defeating Prime Minister George Chambers in elections next year. Elections in Trinidad and Tobago are constitutionally due in November 1986 although the more than 900,000 voters in the twin island nation may be called to vote as early as June, according to some opposition leaders.

Mr Hudson Phillips proposal to disband the Organization of National Reconstruction (ONR), founded 5 years ago, was approved last Saturday by party members in a national committee meeting. The proposal calls for his followers to move into a unitary party. That unitary party is now loosely symbolized by the national alliance of coalition groups formed by the now disbanded ONR, the United Labor Front, the Democratic Action Congress, and the Tapia House Movement.

DOMINICAN REPUBLIC

FOREIGN SECRETARY COMMENTS ON DEBT PAYMENTS

FL011655 Santo Domingo LISTIN DIARIO in Spanish 21 Dec 85, pp 1, 12

[by Tulio Navarrete]

[Excerpts] Foreign Secretary Jose Augusto Vega Imbert said yesterday that Latin America will not continue its foreign debt payments if its result is increased poverty. He said there is a consensus among countries that the payment should be based on economic growth.

The secretary said this was clearly established in the recent meeting of the Cartagena council held in Montevideo, Uruguay.

Vega Imbert returned to the Dominican Republic last night and said the communique approved at the meeting indicates that if that goal is not achieved, then "individual actions" will have to be taken.

The foreign secretary said he hopes these "individual actions" will not be necessary because we expect the industrialized countries, the creditor countries, to understand that what is being sought is a favorable solution for us, democracy, Latin American stability, and the world economy.

"All Latin American countries are willing to pay but on the basis of their growth," he said, adding that if necessary the Dominican Republic would support a summit of debtor countries to solve the problem.

GUYANA

PRIEST REFUSES TO COMPLY WITH EXPULSION ORDER

FL311554 Bridgetown CANA in English 1541 GMT 31 Dec 85

[Excerpt] Georgetown, Guyana, Dec 31, CANA -- A lawyer for British-born Jesuit priest Patrick Connors was quoted by government sources today as saying he would not comply with an expulsion order.

The deadline given by the immigration authorities for Connors to leave Guyana expires at 1600 hrs local time. The government has threatened to deport him if he does not leave.

Government sources said that Ms Stella Odie-Ali, parliamentary secretary in the Ministry of Home Affairs, met Connors' lawyer Dr David de Caries at the latter's request last evening.

The sources said Odie-Ali indicated that the ministry was unable to make any recommendation for the revocation of the decision to expel the 51-year-old cleric for activities inimical to the state.

The sources said that De Caries in a recent letter had indicated that Connors, who has worked here for 21 years, would leave Guyana as required but he told the parliamentary secretary that the priest would not leave today.

Efforts to contact Connors, who is based in Georgetown, or De Caries have so far been unsuccessful.

The order against the Jesuit priest is part of what churchmen say is a pattern of harassment of sections of the church which supported opposition charges of fraud in the December 9 general elections.